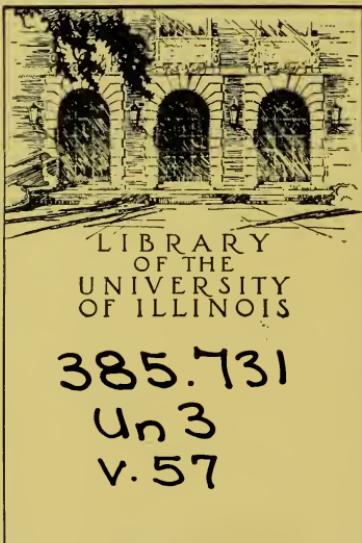


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57<sup>TH</sup> ANNUAL REPORT  
OF THE  
INTERSTATE COMMERCE  
COMMISSION

5

NOVEMBER 1, 1943



UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON : 1943

## INTERSTATE COMMERCE COMMISSION

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# REPORT OF THE INTERSTATE COMMERCE COMMISSION

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WASHINGTON, D. C., November 2, 1943.

*To the Senate and House of Representatives:*

The Interstate Commerce Commission has the honor to submit herewith its fifty-seventh annual report to the Congress. The period covered by this report extends from November 1, 1942, to October 31, 1943, except as otherwise noted.

A statement of appropriations and aggregate expenditures for the fiscal year ended June 30, 1943, is contained in appendix F to this report.

## TRANSPORTATION SYSTEM UNDER WAR CONDITIONS

The United States became a belligerent in the present World War on December 7, 1941. For more than a year and a half before that date heavy demands had been imposed upon the transportation system of the country by the national defense program, and these increased steadily as the lease-lend policy enacted in March 1941 was made operative. Immediately following the Pearl Harbor attack the transportation demands became more severe, and ever since our domestic transportation conditions have been abnormal and extremely difficult, while the demands for transport have been more and more insistent as the organization of our military forces has progressed and the initiative has passed to the allied forces. But domestic transportation of great numbers of men and quantities of munitions and matériel of war, and the sharply increased demands for personal and industrial transport, have been met successfully and without material disturbance of the normal relations between the carriers and their patrons—of whom the Government itself has become the greatest—and with little hindrance to the regulatory processes.

In our last annual report we outlined the emergency measures taken (including our own actions) and machinery set up by the Government for the effective control and coordination of the means of transport. There has been no material change in these plans during the period covered by this report, except by way of extension as the war needs have

become greater. Thus far in the war the machinery provided and the policies pursued to secure the adequate flow of domestic traffic have proved adequate to meet the urgent needs of the times. It has not been necessary for any reason to resort to the Government's power to take over systems of transportation, as was done on such a wholesale scale at an early stage in our participation in the first World War. Remaining with their owners and peacetime operators, our transportation systems have functioned efficiently under guidance by executive and administrative authority, receiving the close and ungrudging cooperation of the shippers, private and governmental, and the military commands. Only through this high degree of cooperation could there have been accomplished during the present period the remarkable performance of our transport systems which forms the subject of this report. It seems desirable to review briefly the record of the national transportation system under the conditions of this period, and for convenience reference may be made to 1942 as the first complete calendar year of our full participation in the war.

There was no precedent for the traffic burden thrust upon the transportation system immediately following Pearl Harbor, and that additional burden was superimposed upon a demand already so great as to tax the adequacy of the plants and the skill of the management and operating staffs of the carriers.

#### CONDITION OF RAILROAD FACILITIES

The railways still retain their position of importance as the largest carriers of our domestic commerce. Their program of improvement and modernization, undertaken shortly after the return of the roads to private operation following the close of World War I, was extensive and intensive. It resulted in an increase in the recorded investment in road and equipment<sup>1</sup> from about \$19,300,000,000 at the end of 1919 (shortly before the end of Federal control) to approximately \$26,000,000,000 at the end of 1931—an increase of 35 percent. Continuance of this program was impeded by the depression and the consequent decline in tonnage and passenger carriage, and by the inroads made upon their traffic by competing transport agencies. The road mileage of the railways has declined steadily as abandonments of lines have more than offset new construction ever since 1916, except for 1 year. However, this does not mark the limit of potential railway capacity for service, as second or additional main tracks and yards and sidings were added during this period to such an extent as to keep the amount of all tracks substantially the same as in 1919. The investment per mile of road has increased from approximately

<sup>1</sup> With no allowance for depreciation.

\$80,000 per mile of road at the end of Federal control to \$111,352 at the beginning of the calendar year 1942. This increase is in large part attributable to expenditures for heavier rail, more and improved signal systems, larger and more efficient equipment and machinery, and in no small part to the elimination of some 25,000 miles of the least efficient lines, whose abandonment we had authorized as consistent with public convenience and necessity.

The increases in the average capacity of freight cars, and in the average speed and tractive effort of locomotives have continued up to the present day. Freight cars decreased more than 25 percent in number from the end of the year 1916, a few months before our entry into World War I, to the end of 1941, a few weeks after Pearl Harbor, and passenger cars (except Pullmans) declined during the same period more than 30.5 percent in number. But there was an increase in the average capacity of the freight cars between the dates mentioned so that the result was a decline of about 7 percent in carrying capacity of freight cars owned by class I railroads. Notwithstanding the marked decrease in the number of freight cars, as we said in our fifty-fifth annual report (p. 3), the railroads were able, because of improvement in equipment and in methods and conditions of operation, to do materially more work with each unit of equipment, so that on the basis of net ton-miles per day each 1941 car was equal to about one and one-third cars as of a dozen years before.

Locomotives similarly decreased in number, but increased in average capacity. The number of steam locomotives fell off nearly 36 percent during this 25-year period; electric locomotives (not including Diesel units) increased nearly 166 percent, but, because the number of units was relatively small, this large percentage of increase lacks significance.

The track system was better at the beginning of 1942 than in 1916, as has already been shown. While the miles of road owned decreased about 8.5 percent, the mileage of second or additional main-line track increased nearly 20 percent, and that of yards and sidings nearly 15 percent. There was a downward trend in railroad employment in this period; for all railways the decrease was nearly 32 percent in the number of employees, and for the large (class I) roads, 30.8 percent. This reduction was largely in consequence of reductions in traffic, or of operating units, or because of improvements in machinery and operating methods, whereby more work is now performed per man-hour in certain branches of the work than at the beginning of the 25-year period considered. These counterbalancing factors are not commensurable.

Some of the developments above described are reflected in the following statistical table:

	Dec. 31			1941 over (+) or under (-) 1916	1942 over (+) or under (-) 1941
	1916	1941	1942	Percent -25.61	Percent +2.37
Number of freight cars, all classes	1,232,221	1,732,593	1,773,666		
Aggregate capacity, all freight cars, class I (thousands)	192,280	85,682	88,187	-7.15	+2.92
Passenger train cars, all classes except Pullman	55,193	38,334	38,446	-30.55	+.29
Number of steam locomotives (all classes)	65,253	41,911	41,755	-35.77	-.37
Number of electric locomotives (class I, II, and S & T) <sup>2</sup>	337	895	892	+165.58	-.34
Number of internal combustion locomotives (Diesel and other), all railways		1,569	2,024		+29.00
Total number of steam, electric, and internal combustion locomotives	65,590	44,375	44,671	-32.34	+.67
Tractive effort, steam locomotives, class I (thousands)	2,024,119	2,029,425	2,046,064	+.26	+.82
Tractive effort, electric locomotives, class I (thousands)	(3)	48,524	48,385		-.29
Tractive effort, internal combustion (Diesel and other)		69,867	92,043		+31.74
Tractive effort, all locomotives (class I) (thou- sands)	(3)	2,147,816	2,186,492		+1.80

<sup>1</sup> Including the estimated privately owned freight cars in December 1916, the total number of freight cars decreased from 2,616,621 in 1916 to 2,014,373 in 1941, or 23.02 percent. Including privately owned cars and class II, III, and switching and terminal freight cars, the aggregate carrying capacity is estimated to have decreased from 102,876,175 tons on Dec. 31, 1916, to 99,044,517 tons on Dec. 31, 1941, a decrease of 3.7 percent. Car-miles per freight-car day have gradually increased since World War I. The figure for 1918, for instance, was 24.6 while the corresponding figure for 1942 was 46.3.

<sup>2</sup> No electrics reported for class III.

<sup>3</sup> Not available.

#### FACILITIES OF OTHER AGENCIES

To a marked degree what has been indicated as to the railways can be said also as to the facilities and methods of operation of the other agencies of transportation during this period. The rise of the automobile industry and the development of passenger and freight motor vehicles of more speed, reliability, and load capacity, and the extensive development of hard-surfaced highways stimulated a vast growth in the intercity public and private carriage of both passengers and freight, with a resulting increase in the demand for oil and gasoline, which was accompanied by a large increase in pipe-line facilities. Improvement of waterways and harbor facilities was paralleled or followed by an expansion of the vessels and vessel-carrying capacity on our lakes and rivers, and the successful promotion of air transportation, both passenger and mail, resulted in greatly enlarging the physical facilities of this industry in terms of both airports and planes.

*Inland water and Great Lakes carriers.*—Between December 31, 1916, and December 31, 1941, there was a comparatively slight increase, amounting to 5.43 percent, in the total number of vessels engaged in transportation on our inland waterways and the Great Lakes as contrasted with an increase of 32.58 percent in the gross registered tonnage. Percentagewise the inland waterways showed an insignificant increase of 1.21 percent in number of vessels but an increase in regis-

tered tonnage of 181.6 percent. Both the number of vessels on the Great Lakes and the gross registered tonnage of such vessels increased by between 22 and 24 percent in the same period.

*Intercoastal and coastwise carriers.*—Comparison of the physical plants of these carriers as of the beginning and end of the 25-year period here reviewed is not possible. In 1941 the hazards of war and the commandeering of vessels for military and other governmental purposes effectually removed these important instrumentalities of domestic commerce from the field, and in consequence the burden to be carried by the other agencies of domestic transport was correspondingly increased. The condition still continues.

*Pipe lines.*—It has been estimated that in 1916 the pipe-line mileage of interstate carriers aggregated 42,969 miles, consisting of 19,441 miles of trunk and 23,528 miles of gathering lines. Of the mileage operated at the end of 1941, gathering lines aggregated 41,858 miles and trunk lines 63,577 miles, or a total of 105,435 miles. Based on the 1916 estimate referred to, the gathering lines increased in length about 78 percent between the outbreak of World Wars I and II, the trunk lines by 227.03 percent, and the two combined by 145.37 percent. Not only was there an increase in mileage, but the aggregate capacity was enlarged further by the use of pipe of greater diameter and by improved methods of construction and operation, and by improved machinery. Large-scale transportation of the products of petroleum by pipe line is entirely a development of recent years.

*Motortrucks and busses.*—This industry has had its development as an agent of great importance in the commerical life and in the defense of the Nation, almost entirely since World War I began. During the 25-year period from the end of 1916 to the end of 1941, motor-truck registrations increased from 215,000 units to 4,876,000 units, or nearly 22-fold. The great intercity bus system of the Nation is almost entirely a development of this period—the bus system at the beginning of the period was too small to be registered statistically. At the outbreak of World War I, and also at the beginning of the 25-year period reviewed, a very large proportion of the motor vehicles owned privately were used in strictly urban and suburban activities, or upon farms. The phenomenal growth in the number of motor vehicles in service has been accompanied by a marked increase in the load capacity, reliability, and capability for sustained speed and economical operation of the individual vehicles, as well as better organization of the carriers and improved operating methods and more skilled personnel.

*Wartime performance of the carriers.*—Since Pearl Harbor there has been little improvement in the situation in regard to railroad equipment.

In the meantime, under the impact of the defense program, shortages of critical and strategic materials had developed on a considerable scale, thereby affecting the ability of the railroads to procure required improvements, current replacements, and additional equipment. Although the railroads shortly after Pearl Harbor surveyed their equipment needs and set up a program to October 1, 1942, the deliveries under that program were considerably less than were originally recommended by the carriers. For the calendar year 1942, only 696 locomotives and 61,048 freight cars were actually installed as compared with 2,126 locomotives requested and 1,226 authorized and 175,000 freight cars requested and 63,000 authorized.<sup>2</sup>

In the face of the situation with regard to their physical facilities, the performance of the railroads since Pearl Harbor may be regarded as extraordinary. In the calendar year 1942 the railroad companies handled a volume of freight which not only substantially exceeded that of the 1918 year of World War I but was greater than that which was handled in any year prior to 1942 for which statistics have been kept despite declines of more than 25 and 7 percent, respectively, in the number and capacity of freight cars, a decrease of over one-third in the total number of locomotives and insignificant increase in their total tractive effort.

Tons of revenue originated in 1942 aggregated not quite 1.5 billion, an increase of 8.83 percent over the approximately 1.377 billion handled in 1918 and a little over 4 percent above the roughly 1.44 billion tons originated in 1926, the theretofore maximum year.

Revenue tons carried 1 mile in 1942 aggregated approximately 641 billion, an increase of nearly 57 percent over the approximately 409 billion ton-miles in 1918 and far in excess of the amount reported in any previous year. This great volume of traffic carried represented a sharp increase over that of the year 1941, a year of greatly increased demand for rail transportation, when the revenue tons originated exceeded those of any year since 1929, and the number of revenue ton-miles carried was the greatest of record. Heavy as was the freight traffic carried in 1941, the 1942 performance was even more remarkable as the revenue tons originated increased 13.5 percent, and the revenue ton-miles 34.2 percent, during the latter year. This was brought about by a progressive lengthening of the average haul during the emergency and war years.

The situation with regard to war passenger traffic in 1918 and 1942 differed somewhat from that with regard to freight. As compared with the immediately preceding years, 1942 showed a huge increase in the number of passengers carried. But in this latter comparison

<sup>2</sup> Office of Defense Transportation. From same source deliveries for first 10 months of 1943 are estimated as 615 locomotives and 20,132 freight cars.

the increase reflected primarily the low state of the passenger business for a considerable period following the vast growth of public and private motor traffic. Although the railroads carried over 672 million revenue passengers in 1942, this figure is approximately 40 percent below the more than 1.12 billion carried in the calendar year 1918. Despite this great numerical decline the work performed in carrying these 672 million passengers in 1942 was very much greater than in the earlier year. In 1918 the average journey per passenger was about 38.5 miles. In 1942 it was just under 80 miles, an increase of nearly 108 percent. As a result, the total passenger-miles increased from about 43.2 billion in 1918 to over 53.7 billion in 1942, or 24.38 percent in spite of the decrease of over 40 percent in the total number of passengers.

*All railways*

	1918	1942	Percent 1942 over (+) or under (-) 1918
Tons of revenue freight originated (thousands)	1,376,845	1,498,477	+8.83
Revenue ton-miles (thousands)	408,778,061	640,992,240	+56.81
Ton-miles of revenue freight per car-mile <sup>1</sup>	26.96	29.76	+10.39
Ton-miles of revenue freight per train-mile	620.68	947.87	+52.71
Average length of haul revenue freight <sup>2</sup>	296.89	427.76	+44.08
Revenue ton-miles per mile of road	1,582,796	2,638,067	+66.67
Number of revenue passengers carried (thousands)	1,122,963	672,420	-40.12
Total passenger-miles (thousands)	43,212,458	53,747,029	+24.38
Average journey per passenger (per road)	38.48	79.93	+107.72
Average revenue passenger-miles per train-mile	79	125	+58.23
Average revenue passenger-miles per car-mile (class I)	20	22	+10.00
Revenue passenger-miles per mile of road (class I)	183,066	236,400	+29.13

<sup>1</sup> This average is obtained by dividing the revenue ton-miles by the total loaded car-miles, the latter figure including some cars loaded with nonrevenue freight.

<sup>2</sup> All railways as a system.

The great increase in the utilization of rail facilities in the war year 1942 as compared with the war year 1918, which is implicit in the foregoing figures, is also reflected in the car-mile, train-mile, and the per-mile-of-road figures. All these averages showed either substantial or large increases. Freight cars and passenger cars carried on an average about 10 percent more in 1942 than in 1918. Freight trains hauled 52.71 percent and passenger trains 58.23 percent more in the later than in the earlier year while revenue ton-miles and revenue passenger-miles per mile of road rose, respectively, by 66.67 and 29.13 percent.

Another comparison of the increase in railroad traffic volume and in the utilization of rail physical facilities in World War II is with the maximum figures in any one of the preceding years prior to 1942. Except for the number of revenue passengers carried, which declined approximately 47 percent from the maximum figure, the more important of the statistical measurements all showed increases in 1942 over the best preceding year, such increases ranging all the way from 4 to over 47 percent.

The figures for the first 6 months of the present calendar year indicate that traffic volume and performance of the railways for the full year will greatly exceed that for 1942 although the results on the average for the full year 1943 may in some cases be somewhat below those for the first half of the year. For the class I roads the more important statistical measurements of volume and performance all showed substantial increases in the first half of 1943 as compared with the first half of 1942. The lowest percentage increase was in the average length of haul of revenue freight which rose by only 7.4 percent. The highest increase percentagewise was 95.5 percent in revenue passenger-miles per mile of road. Apparently the increased traffic in the first half of 1943 as compared with 1942 was handled with comparatively little increase in equipment as compared with that available at the end of 1942.

*Class I steam railways*

	Period	1942	1943	Percent 1943 over (+) or under (-) 1942
Tons of revenue freight originated (thousands)				
Revenue ton-miles (thousands)	Jan.-Mar.	290,984	331,136	+13.80
Revenue ton-miles (thousands)	Jan.-June	290,156,269	349,948,647	+20.61
Ton-miles of revenue freight per car-mile <sup>1</sup>	Jan.-June	28.43	31.33	+10.20
Ton-miles of revenue freight per train-mile		919	1,020	+10.99
Average length of haul revenue freight (per road)	Jan.-June	224.3	240.9	+ 7.40
Revenue ton-miles per mile of road	Jan.-June	1,260,272	1,533,208	+21.66
Number of revenue passengers carried (thou- sands)	Jan.-June	291,923	419,158	+43.59
Total passenger-miles (thousands)	Jan.-June	20,530,939	39,603,862	+92.90
Average journey per passenger (per road)	Jan.-June	70.3	94.5	+34.42
Average revenue passenger-miles per train- mile	Jan.-June	99.4	174.2	+75.25
Average revenue passenger-miles per car-mile	Jan.-June	20.3	29.9	+47.29
Revenue passenger-miles per mile of road	Jan.-June	124,525	243,482	+95.53

<sup>1</sup> This average is obtained by dividing the revenue ton-miles by the total loaded car-miles, the latter figure including some cars loaded with nonrevenue freight.

Because of a lack of statistical data, comparisons of the performance of nonrail carriers in the war year 1942 and the war year 1918 are less satisfactory than in the case of the railroads.

It is estimated that in 1942 intercity motor trucks produced 50,207,000,000 ton-miles and intercity passenger busses 23,252,333,000 passenger-miles. As intercity motor traffic in 1918 may be estimated to have been comparatively negligible, substantially all of the passenger-miles and ton-miles of 1942 may be regarded as representing increases over the earlier year. Considering the abnormality of the conditions under which motor transport has necessarily been carried on, since Pearl Harbor the performance of the motor industry is indeed remarkable. In part this has been due to a heightened degree of co-ordination between units of the industry itself, and to better cooperation in the service of the public with other agencies of transport.

In 1942, interstate pipe-line companies <sup>3</sup> reporting to us transported approximately 1,780 million barrels of oil and gasoline as compared with approximately 564 million barrels in 1918. The volume in the later war year, therefore, was more than three times that of the earlier one. The trunk lines of the interstate pipe-line carriers reported nearly 384.5 billion barrel-miles in the war year 1942 or the equivalent of a trifle over 56.9 billion ton-miles, using 300 and 260 pounds as the weights per barrel for crude and refined, respectively. A higher degree of coordination has been brought about between the pipe lines and other agencies of transport than ever before, and there has been improved cooperation between the pipe lines themselves.

On the inland waterways and the Great Lakes the number of tons of freight originated increased nearly 200 percent in 1942 as compared with the war year 1918, while the ton-miles rose by 162 percent.<sup>4</sup>

Except for the transportation performance of the nonrail carriers subject to our regulation therefor, the total freight traffic of 1942 could scarcely have been handled despite the extraordinary performance of the railroads in that year. These nonrail transport agencies, excluding intrastate and other nonreporting pipe lines, produced in excess of 255 billion ton-miles in 1942, or about 28.5 percent of the total produced by the railways and these three types of nonrail carriers combined.

*1942 Ton-miles*

Carrier	Ton-miles	Percent of total
Steam railways.....	1 640,992,000	71.48
Motor trucks.....	2 50,207,000	5.60
Inland waterways and Great Lakes.....	3 148,565,000	16.57
Pipe lines <sup>4</sup> .....	<sup>5</sup> 56,903,000	6.35
Total.....	896,667,000	100.00

<sup>1</sup> Excluding nonrevenue ton-miles.

<sup>2</sup> Estimated.

<sup>3</sup> Board of Engineers for Rivers and Harbors

<sup>4</sup> Of interstate carriers.

<sup>5</sup> Interstate carriers, trunk line only.

*Cooperation in handling the war load.*—Although much credit must be given to the various transportation agencies for their efficient handling of the 1942 and 1943 traffic, the volume of that business has been and is so large that no such performance could have been attained without close cooperation among carriers, shippers, State and local governments, and various Federal Government agencies.

<sup>3</sup> The lines constructed under the Cole Act, and not subject to our regulatory jurisdiction, and lines constructed by agencies of the Government, have not been covered by the statements in this report.

<sup>4</sup> Information supplied by the Board of Engineers for Rivers and Harbors.

Through our Bureau of Service we have constantly worked to facilitate the movement of traffic in cooperation with other governmental agencies and departments and with carrier and shipper organizations.

Joint-action plans between competing motor carriers designed to reduce empty mileage and obtain other economies have been effected through the Office of Defense Transportation, such plans being cleared by that Office and the Department of Justice. The Office of Defense Transportation and the motor carriers have reduced empty truck mileage and conserved equipment and manpower in various other ways, as through the establishment of joint information offices, which act as clearing houses to facilitate the procurement of back-haul freight. Orders of that Office and this Commission have also been directed to bringing about the most efficient use of available facilities in the war effort.

State governments have relaxed the restrictions on the sizes and weights of motor trucks and further extended State reciprocity in the licensing of trucks. Municipalities have facilitated motortruck traffic through greater leniency in the enforcement of various local truck regulations, as well as by shutting off numerous traffic lights which slowed down the movement of motor carriers.

Both railroads and rail shippers through their cooperation have done much in procuring heavier carloadings required under the orders of the Office of Defense Transportation. Joint efforts of shippers as well as the activities of our Bureau of Service and the railroads have been effective in speeding up the loading and unloading of freight cars. Through the 490 local car-efficiency committees of the Association of Shippers Advisory Boards the loading and unloading of freight locally by each industry has been and is being checked in the 650 cities in which such local committees operate.

Shippers by motortruck have cooperated with the carriers through keeping open longer hours for the receipt of shipments, through arrangement of their shipments so as to avoid the need for expedited handling, through provision of additional or more convenient docks, and in other ways.

The rail carriers have undertaken many cooperative measures directly or indirectly assisting in the movement of traffic either through the Association of American Railroads or individually. In November 1939, shortly after the outbreak of World War II, the railroads took steps to prevent a recurrence of the World War I port terminal congestion by adopting a port control plan designed through embargoes and otherwise to prevent export movement to port terminals unless shipping space was available or in sight. Subsequent to Pearl Harbor the railroads, the Office of Defense Transportation, the Army, the Navy, and the War Shipping Administration have

worked in close cooperation and successfully for the attainment of the same objectives.

Constant efforts have been made, both by the railroads and by Government agencies, to promote the greatest possible efficiency in the use of freight cars and passenger equipment. Individual railroads with surplus locomotives have made such locomotives available to other railroads in serious need of motive power, and there has also been some interchange of railroad maintenance materials, especially steel for car and locomotive repairs.

Within the past 12 months, railroads, motor carriers, and water carriers have been unable to obtain an adequate supply of new equipment materials for repairs, and of needed employees. We believe that if additional equipment, materials, and personnel are not promptly made available, the adequacy and efficiency of our transportation service will be seriously impaired. Already there is considerable apprehension among the motor carriers. Trucks and busses, as they have been built, are short-lived vehicles. As contrasted with hundreds of thousands of new trucks and busses being put in service annually as replacements of worn-out units very few new trucks and busses have been built for civilian operation within the last 2 years. Consequently, equipment which ordinarily would have been scrapped is being kept in service in spite of increased expenditures for upkeep. The longer the carriers are without new units to replace those past due for retirement, the more difficult it will be for them to operate economically and expeditiously. These difficulties of motor carriers are aggravated by the critical tire shortage.

During the months of emergency production of war equipment and materials, it was inevitable that the allocation of materials for transport equipment should be limited even below necessity. Now that the production of essential war materials appears to be more satisfactory, those responsible for the allocation of materials will no doubt give careful consideration to the needs for equipment for transportation agencies. The failure to do so might have grave consequences.

*Freight rates and price stabilization.*—Freight rates are an element of considerable although varying importance in the cost of goods produced for sale and are of necessity reflected in the prices paid by consumers. For that reason general changes in freight rates assume a particular importance to the national economy in time of war. In recognition of this fact, on April 8, 1943, the President in a directive declared:

The attention of all agencies of the Federal Government and of all State and municipal authorities, concerned with the rates of common carriers or other public utilities, is directed to the stabilization program of which this order is a part so that rate increases will be disapproved and rate reductions effected, consistently with the Act of October 2, 1942, and other applicable Federal, State

or municipal law, in order to keep down the cost of living and effectuate the purposes of the stabilization program.

We have endeavored to assist in carrying out the important policy outlined in this directive. In this connection a comparison of conditions which prevailed during World War I with those of the past 2 years is of interest.

During the 4 years following the outbreak of World War I in 1914, there were three freight rate increases, one of 5 percent, a second of 15 percent, both limited to official territory but amounting, on a national basis, to 2.4 and 7.2 percent, respectively, and a third general increase intended to produce 25 percent but which because of specific increases allowed may be calculated at approximately 20 percent. The aggregate of these increases may be estimated at 31.7 percent. During the 4 years following the outbreak of World War II in 1939, only one general freight rate increase was authorized by this Commission (*Increased Rates, Fares, and Charges, 1942*, 248 I. C. C. 545, 612, March 2, 1942). This increase amounted to 6 percent except that it was limited to 3 percent on the basic or raw products of agriculture, animals and products, and the products of mines, except coal, coke, lignite, iron ore, and sinter. No increases in the rates on iron ore and sinter were permitted and the increases in coal, coke, and lignite ranged from 3 to 6 cents per ton. Because of the exceptions noted, we estimate the total amount of the increases allowed at 4.7 percent. This increase was subsequently suspended.

The railroad freight rate increases in the first 48 months of World War I and World War II compare with the increases in wholesale prices for the corresponding periods as follows:

	Freight rate increases	Wholesale prices all commodities	Wholesale prices excluding farm products and foods
World War I, August 1914-July 1918	<sup>1</sup> 31.7	96.1	92.4
World War II, September 1939-August 1943	<sup>2</sup> 4.7	37.1	21.5

<sup>1</sup> This figure assumes that the third-rate increase in this period of 25 percent averaged about 20 percent. If 25 percent, the increase would be 37.5 percent.

<sup>2</sup> Suspended until Jan. 1, 1944, by decision of Apr. 6, 1943; later suspended until July 1, 1944.

Motor-carrier rates have presented a somewhat different problem. Motor carriers generally have operating ratios higher than those of rail carriers and consequently are likely to be more immediately and seriously affected by increased operating costs. These carriers for the most part increased their rates in the same percentages as those

which we authorized in the general rate increase of 1942 above referred to, and they did not uniformly remove those increases when the rail increases were suspended. In addition, certain moderate general increases in motor rates were authorized in the northeastern part of the country because of increased labor costs and certain other items of expense, it being clear that a break-down in truck transportation would harm the Government's economic stabilization program more than would a necessary increase in truck rates.

Fluctuations in rates of pipe lines are not readily susceptible of statistical measurement, but from available information pipe-line rates on the average are the lowest of any which have ever been reported to us.

*Post-war conditions.*—Recognizing that the post-war plans and programs which are being developed by public and private agencies may have important effects upon the volume, character, composition, and movement of traffic, and the financial stability of the carriers, we regard it as important that analyses be made of the post-war situation from the standpoint of the transportation system. In recognition of the needs of an expanded jurisdiction over all forms of domestic interstate commerce transport agencies, except carriers by air, we are enlarging our facilities for research in transportation, as well as giving our best thought to the problems which will be presented with the return of peace.

#### TRAFFIC AND EARNINGS OF TRANSPORT AGENCIES

For the fiscal year ended June 30, 1943, the operating revenues of the steam railways in the United States amounted to \$8,789,663,000, which exceeded by a wide margin the peak earnings of any previous year. For the calendar year 1926, the previous peak, the total was \$6,620,808,000. The 1943 fiscal year total was over 2½ times that of the calendar year 1933, \$3,195,929,000, the lowest since the close of World War I.

For all the common carriers subject to our jurisdiction, the total operating revenues in the fiscal year ended June 30, 1943 amounted to \$11,323,925,000, an increase of 12.8 percent over the total for the calendar year 1942 (the two periods having one-half year in common) and 48.5 percent over that of 1941. The revenues by agencies of transport are given below with relative figures, those of 1941 being taken as 100:

*Operating revenues<sup>1</sup>*

Class of carrier	12 months ended June 30, 1943		Year ended Dec. 31, 1942		Year ended Dec. 31, 1941
	Amount	Percent of calendar year 1941	Amount	Percent of calendar year 1941	Amount
	<i>Thousands</i>		<i>Thousands</i>		<i>Thousands</i>
Steam railways.....	\$8,789,663	158.6	\$7,691,255	138.8	\$5,540,956
Railway Express Agency <sup>2</sup> .....	175,527	129.8	155,306	114.8	135,262
Pullman Company.....	113,681	169.7	99,682	148.8	67,001
Electric railways.....	74,385	127.1	67,623	115.6	58,508
Water lines.....	74,656	28.9	94,511	36.6	<sup>3</sup> 258,000
Pipe lines.....	257,945	102.5	245,061	97.4	251,635
Motor carriers of passengers.....	530,685	223.9	434,051	183.1	<sup>3</sup> 237,000
Motor carriers of property.....	41,340,295	122.4	1,250,071	114.2	<sup>3</sup> 1,095,000
Grand total.....	11,356,837	148.6	10,037,560	131.3	7,643,412

<sup>1</sup>Partly estimated for small carriers.<sup>2</sup>Excludes payments to others for express privileges.<sup>3</sup>Figures restated on basis of more complete data.<sup>4</sup>Increase in revenues of motor carriers of property for 1943 over those of preceding years somewhat understated because of accounting changes effective October 1, 1942.

Private car lines reporting to us had operating revenue of \$175,559,000 in the fiscal year 1943, which was received largely from railway companies and hence they have been omitted from the preceding table. Also not included above is the gross revenue of freight forwarders which, for the calendar year 1942, amounted to \$168,628,381, most of which was paid to common carriers for transportation.

The large decline shown for water lines is explained by the effect of the war in diminished coastal and intercoastal traffic. The small increase in pipe-line revenues for the 1943 fiscal year in comparison with 1941 reflects the lack of adequate transportation facilities beyond the pipe-line movement, with a consequent limitation on the use of oil. The revenues of motor carriers of passengers or bus companies have been greatly increased in part because travel by private automobile was reduced by gasoline and tire rationing. The increase in revenues of motor carriers of property was relatively less than in those of the railways.

A more general view of the change in the volume of traffic from 1941 to 1942 is afforded by the following table of ton-miles and passenger-miles covering all types of intercity transportation other than coastal and intercoastal movements by water.

*Volume of intercity traffic, public and private, by kinds of transportation*

Agency	Ton-miles				Passenger-miles			
	1941 <sup>1</sup>	1942	Percent of annual total		1941 <sup>1</sup>	1942	Percent of annual total	
			1941	1942			1941	1942
1. Railways, steam and electric, including express and mail	<i>Millions</i>	<i>Millions</i>	63.62	69.49	<i>Millions</i>	<i>Millions</i>	9.81	19.58
2. Highways <sup>2</sup>	481,748	645,260	57,123	50,207	7.55	5.41	277,962	222,888
3. Inland waterways, including Great Lakes	140,454	148,565	18.55	16.00	1,821	1,860	.58	.66
4. Pipe lines	77,818	84,480	10.28	9.10	—	—	—	—
5. Airways (domestic revenue service), including express and mail	16	26	(?)	(?)	1,370	1,398	.44	.50
Total	757,159	928,538	100.00	100.00	311,736	281,219	100.00	100.00

<sup>1</sup> Some of the 1941 figures as given in the 56th Annual Report have been revised.<sup>2</sup> Less than 0.01 percent.<sup>3</sup> Does not include truck traffic classed as "rural to rural".

## SOURCES:

1. I. C. C. reports; electric railway ton-miles and passenger-miles estimated on basis of revenues.
2. Highway ton-miles for 1942 estimated on the basis of the rate of change in ton-miles on main roads over 1940 reported by Public Roads Administration. Bus passenger-miles estimated from revenues compiled by "Bus Transportation" divided by 1.5 cents per passenger-mile. Passenger-miles of private automobiles in 1942 estimated by increasing the 1933 estimate of the Federal Coordinator of Transportation in accordance with the increased registrations in 1936, and again in accordance with the ratio of the estimated automobile vehicle miles in 1942 to those in 1936.
3. Waterway ton-miles, Office of Chief of Engineers, U. S. Army. Water passenger-miles in 1942 and 1941 estimated on the basis of the rate of change from 1940 in the number of passengers.
4. Estimated by converting barrel-miles reported to I. C. C. into ton-miles and allowing for nonreporting pipe lines. Includes refined as well as crude oil with allowance for crude-oil gathering lines.
5. Civil Aeronautics Journal, Civil Aeronautics Administration, U. S. Department of Commerce.

The increase in railway traffic in 1942 noted above continued in 1943, passenger traffic gaining more rapidly than the freight. The percentages of increase over 1942 for freight ton-miles began to decline after February in successive months of 1943, and for passenger-miles the percentage of increase reached its peak in March:

*Percent of increase for month 1943 over 1942*

Month	Freight ton-miles	Passenger-miles	Month	Freight ton-miles	Passenger-miles
January	28.30	92.17	May	14.47	83.35
February	33.35	95.75	June	7.64	84.34
March	26.87	111.16	July	11.91	75.09
April	18.13	95.93			

A conspicuous feature of the recent expansion of railroad traffic has been the large increase in the length of the haul of freight and in the average journey of passengers:

Calendar year	Average haul of freight		Average journey per passenger on the individual railway
	On the individual railway	On all railways as one system	
Year 1940.....		Miles	Miles
Year 1941.....	193	351	52
Year 1942.....	199	369	60
	218	428	80

Monthly reports show a further lengthening of the average haul and journey in 1943.

The railways of the southern and western districts have experienced a relatively larger growth in revenues than those of the East since 1940:

Item	Eastern district	Pocohontas region	Southern region	Western district	All class I railways
<i>Amount of revenue (millions) year ended Dec. 31, 1942</i>					
Freight.....	\$2,390.0	\$330.2	\$825.7	\$2,398.4	\$5,944.3
Passenger.....	467.8	32.2	168.6	359.6	1,028.2
Total.....	3,062.7	376.0	1,052.9	2,974.1	7,465.8
<i>Percent over corresponding total for 1940</i>					
Freight.....	Percent	Percent	Percent	Percent	Percent
Passenger.....	59	30	82	81	68
Total.....	106	279	230	176	147
	63	38	93	86	74

This tendency continued in 1943, and for the 7 months ended with July 1943 the total operating revenues of the western district exceeded those of the eastern district.

Changes in freight rates since our last report are referred to in another part of this report.

The unprecedented growth in railway revenues has resulted in a large increase in net earnings after deduction of all taxes, including income and profits taxes. In the following condensed income account it is shown that for the fiscal year ended in 1943 the total of revenues and other income was almost double the total for the calendar year 1940. Cost of materials increased less rapidly, but taxes quadrupled in that interval. The remainder, the net product of the industry available for employees and investors, increased by approximately two billion dollars in the 1943 fiscal year compared with the calendar year 1940. The investors' share increased by a greater per-

centage than total wages and salaries with the result that the investors' share of the joint product increased from 31.46 percent for 1940 to 38.0 percent for the fiscal year 1943, 62.0 percent going to employees in the latter year.

*Condensed income account, class I line-haul railways*

Item	12 months' period ended June 30, 1943	Calendar year 1942	Calendar year 1941	Calendar year 1940
	<i>Millions</i> \$8,718	<i>Millions</i> \$7,648	<i>Millions</i> \$5,524	<i>Millions</i> \$4,466
Revenues and other income-----				
Cost of materials, depreciation and other expenses except wages and salaries-----	2,298	2,015	1,603	1,362
Taxes, including income and profits taxes-----	1,629	1,199	547	396
Total deductions-----	3,927	3,214	2,150	1,758
Remainder available for employees and investors-----	4,791	4,434	3,374	2,708
Wages and salaries chargeable to operating expenses-----	2,970	2,767	2,198	1,856
Investors' share-----	1,821	1,667	1,176	852
Percent—Wages and salaries-----	62.0	62.4	65.2	68.54
Percent—Investors' share-----	38.0	37.6	34.8	31.46

By investors' share is meant the total available for fixed charges, dividends, and other corporate purposes. The subdivision of this share has been as follows in recent years:

*Class I line-haul railways*

Item	Year ended June 30, 1943	Calendar year 1942	Calendar year 1941	Calendar year 1940
	<i>Millions</i> \$188	<i>Millions</i> \$185	<i>Millions</i> \$155	<i>Millions</i> \$147
Rent for leased roads-----	490	494	481	486
Interest on bonds, etc-----	82	86	40	29
Other deductions-----	1,061	902	500	190
Net income-----				
Total-----	1,821	1,667	1,176	852

The increase in rent for lease of road reflects the fact that some rentals are based on earnings. This increase would largely disappear in a system statement covering operating and lessor railways. The amounts of interest for 1942 and 1943 are overstated in comparison with the amount shown for 1941 because one railroad began accruing interest on unpaid interest in default in 1942. This item amounts to \$27,307,280 and without it there would be a decline since 1941 in the aggregate for class I railways. The subject of debt reduction and its effect on fixed charges is discussed elsewhere in this report. The net income rose from \$190,000,000 in 1940 to over 1 billion dollars in the 1943 fiscal year. This is the remainder after allowance for income

taxes. The net income before provision for federal income and profits taxes shows an even larger increase, as follows (in millions):

Calendar year			Fiscal year 1943
1940	1941	1942	
\$249	\$674	\$1,658	\$2,208

Notwithstanding the large increase in net income of class I railways, the dividends declared by them have increased slowly: 1940, \$159,315,000; 1941, \$185,846,000; 1942, \$202,270,000; and fiscal year 1943, \$208,656,000.

The net railway operating income, which is the income from operations before consideration of nonoperating income and fixed charges, has also been affected by the higher income taxes. As this is the account which is used in computing a rate of return on investment or value of property, its computation both with and without allowance for federal income taxes is of interest:

*Class I steam railways' net railway operating income (millions)*

Item	Calendar year			Fiscal year 1943
	1940	1941	1942	
Before deduction of federal income and profits taxes.....	\$742	\$1,172	\$2,241	\$2,785
After all taxes.....	682	998	1,485	1,639

Notwithstanding the impressive increase in passenger travel on class I railways in 1942, the passenger service, including express, mail, and other, continued to be less profitable than the freight. But in 1942 the passenger service did earn its share of the operating expenses, rents, and taxes, under our system of apportioning such items between the two services, yielding a net railway operating income of \$89,329,000. In other recent years large deficits had been shown. For the year 1942, the ratio of expenses to revenues was 58.07 for the freight and 77.69 for the passenger service. In contrast with the \$89,329,000 for passenger, the net railway operating income of the freight service in 1942 was \$1,394,384,000. In 1943 the passenger operating ratio has shown an even more favorable tendency.

The stated net income sometimes needs adjustment for excessive or inadequate maintenance charges. The maintenance charges include not merely the expenses for repairs but also accruals for depreciation, amortization, and deferred maintenance. An exact measure of the adequacy of maintenance work and the charges for maintenance is not afforded by current statistics, but the following data and averages indicate that the net income and net railway income shown by the accounts do not need much correction for the years 1941 and 1942 on account of abnormal maintenance charges.

*Class I steam railways*

Item	1942	1941	1940	1939
Man-hours applied in maintenance..... millions	1,585	1,378	1,176	1,108
Total car-miles..... millions	38,561	32,068	27,270	25,204
Man-hours per 100 car-miles.....	4.11	4.30	4.31	4.40
Rail laid in replacement:				
New (tons—2,240 lbs.)..... thousands	1,192	1,198	999	879
Second hand (tons—2,240 lbs.)..... thousands	1,058	1,031	913	841
Wooden cross ties:				
Untreated..... thousands	4,618	5,763	6,326	6,521
Treated..... thousands	43,998	41,461	37,294	38,561
Additions and betterments without deduction for retirements..... millions	\$665	\$546	\$445	\$252
	12 months ended June 30, 1943	1942	1941	1940
Ratio of maintenance charges to transportation rail line expenses:				
Maintenance of way and structures..... percent	38.1	35.5	34.0	33.3
Maintenance of equipment..... percent	53.0	54.0	56.0	54.8
Total maintenance..... percent	91.1	89.5	90.0	88.1

It will be noted that the average number of man-hours applied in maintenance per 100 car-miles in 1942 was slightly below those for the years 1939-41, but 1942 and the fiscal year 1943 compared favorably with 1940 and 1939 in ratio of maintenance charges to transportation expenses, the latter being directly affected by the volume of traffic as well as by changes in wages and prices. Obviously such a comparison can not be taken as adequate but tends to support the conclusion stated above.

In 1943, the steam railways increased the average load per freight car substantially and the average occupancy of passenger cars very greatly, as shown below. The average number of cars per freight train was 51.5 in the first 7 months of 1943, or the same as 1 year earlier, but the average length of the passenger train continued to

increase. The heavier traffic was accompanied by a decline in the average speed of the trains. There was a further reduction in the percentage of unserviceable equipment:

*Operating averages, class I steam railways*

Average	Seven months, January-July			
	1943	1942	1941	1940
Freight net ton-mile per loaded car-mile.....	33.5	31.0	27.8	27.4
Freight car-miles per train-mile.....	51.5	51.5	50.1	49.1
Passenger miles per car-mile.....	30.5	21.0	15.4	13.5
Passenger train car-miles per train-mile.....	9.22	8.24	7.74	7.40
Train-miles per train-hour:				
Freight train.....	15.4	16.1	16.7	16.8
Passenger train.....	34.7	36.1	36.1	35.8
Percent unserviceable:				
Freight cars.....	2.4	3.1	5.3	8.6
Locomotives:				
Yard switching.....	7.6	9.3	13.6	16.5
Road freight.....	11.7	13.9	21.6	25.6
Road passenger.....	11.9	15.0	20.8	22.4

In the month of July 1943, class I steam railways had 1,390,890 employees, an increase of 5.65 percent over the July 1942 total. This was relatively less than the growth in traffic. The index of employment with the 1935-39 average taken as 100, has risen from 103.7 in January 1941 to 133.5 in July 1943. The index rose 14.3 points during 1941, 12.6 points during 1942, and from January to July 1943 it dropped 0.9 of a point. Overtime increased during the year, and in July overtime hours of employees paid on an hourly basis were 10.89 percent of the straight time paid for.

The class I motor carriers of passengers for which reports were received in 1942, 208 in number, operated over 203,543 miles of highway (including duplications due to use of the same highway by 2 or more companies). Their busses ran 848,519,000 miles in common-carrier service, an increase of 24.7 percent over the 1941 total. The operating revenues of 1942 amounted to \$323,064,000, or 67.4 percent more than for 1941. Expenses increased 36.4 percent. The net income before income taxes of \$103,877,000 in 1942 was over 3 times that of the preceding year, and, after income taxes, the remaining \$34,788,000 was 72.4 percent greater than in 1941.

Owing to accounting changes, the operating revenues of motor carriers of property reporting to us are not exactly comparable for the years 1942 and 1941. For 1942, a total of \$695,032,000 was collected by 1,273 class I carriers. The total expenses were 94.25 percent of the revenues. The net income before income taxes was \$41,778,000, an increase of 29.2 percent over 1941. After income-tax deduction the remainder was \$24,702,523, or almost the same as in 1941. The accounting changes do not affect the comparison of net income. Reports of revenue, expenses, and income are not required from the

smaller motor carriers. The total revenue of the class I carriers is about one-half of that of all motor carriers of property whose rates are subject to our jurisdiction. This is in contrast with the relative importance of class I railways, which collect 97 percent of the railway revenues.

For 1942, we received reports from 69 pipe-line companies, or 2 less than the year before, there having been 5 additions and 7 eliminations, with a small increase in the miles of pipe line operated. Included in the 69 are 15 pipe-line departments of large oil companies. The 69 companies in 1942 operated 42,318 miles of gathering lines and 64,167 miles of trunk lines. The total amount of oil delivered out of these pipe lines in 1942 was 1,764 million barrels, an increase over the total reported for 1941 of 7.4 percent. With a small decline in revenues and an increase in expenses and taxes, the operating income of the reporting companies declined from \$81,604,000 in 1941 to \$58,332,000 in 1942. Five years earlier the operating income was \$109,994,000. For the first 6 months of 1943, 44 large pipe-line companies reported to us an increase of 14.2 percent in the number of barrels of oil originated and received from connections and an increase of 12.0 percent in transportation revenues. These figures do not reflect the movement in the recently constructed large pipe lines not reporting as common carriers.

The suspension of public service by water carriers owing to the war has reduced the number of reports represented in our quarterly tabulations. For the second quarter of 1943 the number was 70 with a freight revenue of \$11,870,872 compared with 143 reports and a freight revenue of \$20,673,379 for the second quarter of 1942. The 70 lines remaining in operation in the second quarter of 1943 report a decrease in their freight revenue of 4.2 percent and an increase in passenger revenue of 40.3 percent compared with their earnings in the corresponding 1942 quarter.

The 82 electric railways which reported to us in 1942 had total operating revenues of \$75,164,361, an increase of 28.5 percent over the total for 1941. This resulted in an increase in operating income after all taxes from \$6,139,310 in 1941 to \$13,483,996 in 1942. The net income after fixed charges was \$4,244,786 and is in contrast with the previously unbroken record of deficits after 1930.

#### COOPERATION OF FEDERAL AND STATE COMMISSIONS

Since our last report, we have had the cooperation of State commissions in 13 additional proceedings involving interstate-intrastate rate relations. Of these, 4 were complaints filed with us with respect to rates in effect, 4 were investigation and suspension proceedings arising out of orders issued by us and by State commissions suspend-

ing the effective dates of rates proposed by carriers, and 5 were investigations instituted upon our own motion: No. 28881, Bituminous Coal Rates within Illinois; No. 28972, Interstate Commutation Fares—New England; No. 28973, Interstate Commutation Fares—New York; No. 28974, Interstate Railroad Commutation Fares between Points in Chicago, Ill., District; and No. 28975, Interstate Railroad Commutation Fares between Points in Philadelphia, Pa.—Camden, N. J., District. We have also received cooperation from State commissions in proceedings involving abandonment of railroad lines. In addition, joint boards of State commissioners provided for in section 205 of part II of the act functioned in numerous cases referred to in the chapter on "Bureau of Motor Carriers."

A committee representing the regulatory authorities of the States sat with us throughout the hearing and argument, and conferred with us as to the determination of the issues, in *Ex Parte No. 148 (Increased Railway Rates, Fares, and Charges, 1942)*, 248 I. C. C. 545 and 255 I. C. C. 357; and cooperation is continuing in the following investigations instituted upon our own motion: No. 28300, Class Rate Investigation, 1939; No. 28310, Consolidated Freight Classification; No. MC-C-150, Motor Freight Classification; and No. MC-C-200, Motor Carrier Class Rates Investigation, elsewhere referred to in this report.

### INVESTIGATIONS

Reports have been published in the following investigations instituted on our own motion:

*Ex Parte No. 104, Practices of Carriers Affecting Operating Revenues or Expenses, Part II, Terminal Services.* (*Republic Steel Corp. Terminal Allowance*, 253 I. C. C. 595; *Hanna Furnace Corp. Terminal Allowance*, 253 I. C. C. 613; *Tonawanda Iron Corp. Terminal Allowance*, 255 I. C. C. 231; *Kingan & Co. Terminal Allowance*, 255 I. C. C. 531.)

*Ex Parte No. 137, Contracts for Protective Services*, 253 I. C. C. 649; 255 I. C. C. 729.

*Ex Parte No. 148, Increased Railway Rates, Fares, and Charges*, 255 I. C. C. 357.

*Ex Parte No. 154, Tariffs of Freight Forwarders Containing Joint Freight Forwarder-Motor Common Carrier Rates*, 255 I. C. C. 223.

*No. 28162, Nicholson Universal Steamship Company Ownership (Interest of the New York Central Railroad Company in Nicholson Universal Steamship Company)*, 255 I. C. C. 602.

*No. 28216, Pick-up of Livestock in Illinois, Iowa, and Wisconsin*, 251 I. C. C. 549.

*No. 28323, All Freight Rates to Points in Southern Territory*, 253 I. C. C. 623.

*No. 28400, Delivery of Livestock Shipments at Cleveland, Ohio*, 255 I. C. C. 579.

No. 28420, *Storage Practices of Railroads at North Atlantic Ports*, 255 I. C. C. 425.

No. 28600, *Oleomargarine from Chicago and Indianapolis to Kansas City*, 255 I. C. C. 543.

No. 28622, *Intercoastal Rate Structure*, 253 I. C. C. 331; 255 I. C. C. 205, 496.

No. 28745, *Storage in Transit of Imported Rubber*. Mimeographed, August 14, 1943.

No. 28792, *Interchange of Freight at Boston Piers*, 253 I. C. C. 703.

No. 28826, *Newsprint Paper from Oswego, N. Y., to Brooklyn, N. Y.* Mimeographed, July 30, 1943.

No. 28842, *Dayton Union Railway Company Tariff for Redcap Service*. Mimeographed, September 7, 1943.

No. 28894, *Consolidation of Shipments by Freight Forwarders*. Mimeographed, September 7, 1943.

No. 28994, *Half Stage Refrigeration Service*. Mimeographed, August 31, 1943.

The following investigations were discontinued:

Ex Parte No. 122, *Cost Finding in Transportation Service*.

No. 28776, *Pipe-Line Rates from Port St. Joe to Georgia*.

No. 28863, *Wool and Mohair Rates*.

Other investigations are pending, some of the more important of which are the following:

Ex Parte No. 127, *Status of Public Stockyard Companies*.

Ex Parte No. 128, *Investigation of South Buffalo Railway Company*.

Ex Parte No. 155, *Ownership of Stock in Freight Forwarders*.

Ex Parte No. 157, *Application of Part III to Transportation by Small Craft*.

Ex Parte No. 158, *Competitive Bidding in the Sale of Railroad Securities issued under Section 20a of the Act*.

Ex Parte No. 159, *Freight Forwarder Insurance Regulations*.

No. 20769, *Charges for Protective Service to Perishable Freight*.

No. 26570, *Reduced Pipe Line Rates and Gathering Charges*.

No. 26712, *Rail and Barge Joint Rates*.

No. 28190, *New Automobiles in Interstate Commerce*.

No. 28300, *Class Rate Investigation, 1939*.

No. MC-C-150, *Motor Freight Classification*.

No. MC-C-200, *Motor Carrier Class Rates Investigation*.

No. 28310, *Consolidated Freight Classification*.

No. 28515, *Allowances for Privately Owned Tank Cars*.

No. 28814, *Storage in Transit of Imported Chicle*.

No. 28825, *Bituminous Coal Rates from Ohio River Points to Youngstown, Ohio*.

No. 28896, *Forwarder Rates Conditioned upon Aggregates of Tonnage*.

No. 28897, *Proportional Rates of Freight Forwarders*.

No. 28972, *Interstate Commutation Fares—New England*.

No. 28973, *Interstate Commutation Fares—New York*.

No. 28974, *Interstate Commutation Fares—Chicago, Ill. District*.

No. 28975, *Interstate Commutation Fares—Philadelphia, Pa.-Camden, N. J. District*.

No. 28990, *Bills of Lading of Freight Forwarders*.

No. 28991, *Passenger Fares Between D. C. and Nearby Virginia*.

No. 29006, *Export Rates to Pacific Coast Ports*.

**REDUCTION OF FUNDED DEBT AND FIXED INTEREST CHARGES**

In our last annual report we called attention to our policy of requiring the establishment of sinking funds to retire before maturity all or a part of the bonds issued with our authority under the provisions of section 20a of the Interstate Commerce Act. We reported that a number of railroads in refunding outstanding debt had been authorized to issue serial bonds which they contemplate retiring as the series mature; and that in these and other refunding operations the railroads had effected a substantial reduction in their fixed-interest charges. We pointed out the drastic reduction of funded debt and fixed interest charges effected or proposed to be effected in the reorganization of railroads under section 77 of the Uniform Bankruptcy Act and the decrease in funded debt and fixed interest charges of class I railways during the 10-year period ended December 31, 1941.

Our efforts to bring about a gradual reduction of funded debt and fixed-interest charges have been and will be continued. From October 1, 1942, to September 30, 1943, we authorized the nominal issue of \$673,000 and the actual issue of \$156,901,880 of bonds. Sinking funds were required or voluntarily provided for all the nominal issues and for \$113,477,100 of the actual issues. During the same period we authorized the issue of \$25,400,000 of serial bonds to refund outstanding debt. These bonds mature annually in from 1 to 15 installments, and their issue effected a reduction of \$645,196 in annual interest charges. During the same period, railway companies were authorized to issue securities to refund \$48,010,000 of their debt through the issue of bonds bearing a lower rate of interest and having the benefit of sinking-fund provisions. A part of this debt is expected to be outstanding at maturity, but much of it is to be retired at earlier dates. In addition, these refunding operations effect a reduction of \$646,902 in annual interest charges.

To September 30, 1943, we had approved plans of reorganization for 29 railroads which have required or will require the reduction of their long-term debt from \$3,310,844,000 to \$1,733,604,000, much of the latter being in the form of income bonds involving no fixed charges against income. Of these plans, 22, involving a reduction of long-term debt from \$2,170,207,000 to \$1,172,512,000, have been approved by the district courts having jurisdiction in the proceeding. The reorganization proceedings involving 2 of the plans approved by the court, namely, those for the Chicago, Milwaukee, St. Paul & Pacific Railroad Company and the Missouri Pacific Railroad Company, have been reopened. Eighteen of the 22 plans have also been confirmed by the district court, and appeals have delayed confirmation of 2 of the remainder. Should all the plans approved by

us be approved and confirmed by the courts 29 of the 42 railroads which have filed petitions under section 77 proceedings not discontinued before reorganization will through proceedings under that section have their total debt, including accrued unpaid interest, reduced from \$4,066,975,963 to \$1,733,603,551. Under the plans approved, obligatory fixed charges would be reduced from \$142,601,277 to \$40,711,913. Of this reduction \$9,965,122 has been effected, leaving \$91,924,242 to be realized. The provisions made in these plans for avoiding the necessity for funding capital expenditures and for retiring part of the bonds issued in reorganization were noted in our last annual report.

During the current year in considering the application of a railroad for authority under section 20a to assume obligation and liability in respect of equipment-trust obligations, we have on a number of occasions called upon the applicant to show the necessity for its proposal when a preliminary examination of the application indicated that there was sufficient cash in the applicant's treasury to meet its requirements without increasing its obligations. In most instances the applicant was able to support its application by a showing of plans for more profitable employment of its cash in reducing its outstanding indebtedness or by a showing of need for its cash for other purposes.

It is gratifying to report that more and more railroads in a position to do so are voluntarily reducing or taking steps looking toward the gradual reduction of their funded debt and the burden of fixed interest charges. Some are using their surplus earnings to retire a part of their funded debt or to purchase on the open market their own outstanding securities or those of their subsidiaries which they have guaranteed. During the calendar year 1942 the funded debt of class I railroads and their lessors, excluding companies in receivership or trusteeship, was reduced by \$324,375,299 or 3.71 percent. For the operating companies alone the reduction was \$282,026,921 or 3.84 percent, and for lessors \$42,348,378 or 3.02 percent. Class I operating railroads showing a reduction of 4 percent or more in funded debt, excluding those showing such reduction only in equipment obligations or miscellaneous obligations, were:

Railway company:	Percentage of reduction
Atchison, Topeka & Santa Fe Ry. Co. and affiliates	5.65
Atlantic Coast Line R. Co.	8.85
Bangor & Aroostook R. Co.	5.40
Boston & Maine R. R.	4.54
Cambria & Ind. R. Co.	15.54
Chesapeake & Ohio Ry. Co.	4.09
Chicago, Burlington & Quincy R. Co.	7.98
Chicago & Illinois Midland Ry. Co.	12.24
Duluth, Missabe & Iron Range Ry. Co.	5.35

Railway company—Continued.	Percentage of reduction
Elgin, Joliet & Eastern Ry. Co.	4.01
Great Northern Ry. Co.	5.98
Gulf & Ship Island R. Co.	9.88
Illinois Central R. Co.	7.06
Lehigh & New England R. Co.	6.77
Louisville & Nashville R. Co.	5.20
Missouri-Kansas-Texas R. Co. and controlled companies	6.48
New York Central R. Co.	6.14
New York, Chicago & St. L. R. Co.	4.28
Reading Co.	5.91
Southern Pacific Co.	5.75
Southern Ry. Co.	7.99

Lessor companies showing reduction of 4 percent or more in funded debt were:

	Percent
Battle Creek & Sturgis Ry. Co.	36.94
Boston & Albany R. Co.	31.55
Cleveland & Pittsburgh R. Co.	24.96
Lehigh & New York R. Co.	5.70
Michigan Central R. Co.	10.48
Pennsylvania, Ohio & Detroit R. Co.	5.21
Philadelphia & Reading Term. R. Co.	4.37
Portland & Rumford Falls Ry.	18.50
Terre Haute & Peoria R. Co.	100.00

During the same period, fixed interest charges of the solvent class I railroads and their lessors were \$15,821,285 or 5.11 percent less than for the preceding year.

These statistics of reduction in debt and fixed interest charges in 1942 are the result of comparing the annual reports of the railways specified for 1942 and 1941. This method results in various overstatements and understatements of the change due to actual debt reduction. For example, some railways buy their bonds through non-reporting subsidiaries and some are making accounting adjustments that affect the funded debt account but do not represent real debt reduction. Also, in refunding operations an old and new issue may both be outstanding for a short time. Notwithstanding these qualifications, the totals given may be taken as substantially correct.

#### COMPETITIVE BIDDING IN THE SALE OF RAILROAD SECURITIES

Since the enactment of section 20a of the Interstate Commerce Act in 1920, we have on various occasions considered the advisability and feasibility of requiring competitive bidding in the sale of securities issued with our approval under the provisions of that section. Soon after we were given jurisdiction over the issues of securities by railroad companies we gave consideration to the subject. In *Bonds of New York Central R. R.*, 65 I. C. C. 172, decided September 13, 1920, division 4, in authorizing the issue of certain bonds, discussed

at length the circumstances and cost attending the marketing of the issue because the assurance of reasonable terms afforded by competitive bids was not present.

On October 26, 1922, division 4 held a hearing on notice to all concerned that it had under consideration certain questions relative to the marketing of securities by carriers and would hold a hearing in order that it might be better advised in the premises. The questions considered at the hearing were (1) whether and to what extent the Commission should, by its order in granting or withholding authorization and approval, determine, limit, or restrict the price at which or the manner in which securities were to be sold and the cost to the carriers of the marketing of securities issued under the provisions of section 20a; (2) whether it was within the province of the Commission to require competitive bidding in the sale of securities so authorized to be issued and whether competitive bidding should be required; and (3) if competitive bidding were required, to what class or classes of securities should it be applicable and what regulations or conditions should be prescribed relating to such sales.

Representatives of several railroads, the National Association of Owners of Railroad Securities, the Association of Railway Executives, and a number of banks and banking houses appeared and presented their views on these questions. A brief was filed by the Association of Railway Executives and the National Association of Owners of Railroad Securities, and a memorandum on the marketing of American railroad securities was submitted by Kuhn, Loeb & Company. Many letters or statements were received from insurance companies, banks, and others expressing their views on the question. No report was issued by the division following the hearing, but in the subsequent consideration of the sale of securities the representations of those who expressed their views as to the relative merits of competitive bidding and private negotiations for the sale of securities were held in mind. This proceeding is recorded in Finance Docket No. 2588.

The policy of selling equipment-trust obligations through competitive bidding has been generally in effect since 1926, when we approved an application by the Western Maryland Railway Company to assume obligation and liability in respect of equipment-trust certificates sold, subject to our approval, to the highest bidder after the applicant had invited tenders from various bankers, 8 of whom submitted bids, *Western Maryland Equipment Trust*, 111 I. C. C. 434. Thereafter in approving a few applications, we have required competitive bidding pursuant to our order in *Regulations Relative to Bids of Carriers*, 56 I. C. C. 847, which related specifically to transactions under the Clayton Antitrust Act, but generally we have considered that the requirements of competitive bidding in the sale

of railroad securities have been met if a carrier has adopted the method used in the Western Maryland case. Reference to that proceeding and to subsequent sale of equipment-trust obligations at competitive bidding was made in our forty-first annual report at page 10, and in a number of succeeding annual reports.

Prior to the adoption of the policy of requiring the sale of equipment-trust obligations at competitive bidding, consideration had been given to requiring that the same method be used in disposing of terminal company bonds. *Bonds of Chicago Union Station Co.*, 86 I. C. C. 529; 94 I. C. C. 177. That matter was again under consideration in *Cincinnati Union Term. Co. Securities*, 166 I. C. C. 419, and *Indianapolis Union Ry. Co. Bonds*, 166 I. C. C. 723. In the latter report, we found that an inadequate price had been accepted for an issue of \$1,000,000 of bonds which had been sold subject to our approval, and our authorization of the transaction was conditioned upon sale at competitive bidding.

Due to the generally unfavorable financial condition of railroads, the market for railroad securities following the sale of the bonds authorized in the proceeding last mentioned became very uncertain, and it was not deemed advisable thereafter to insist upon the sale of terminal securities or other railroad securities, except equipment-trust certificates, at competitive bidding. In recent years, there have been some sales of railroad securities other than equipment-trust certificates at competitive bidding, such method having been adopted by the carriers voluntarily or because of insistence of certain of their security holders.

During the current year the question of requiring that securities other than equipment-trust obligations and terminal company bonds be sold at competitive bidding has been before us upon two applications, *Erie R. Co. Bonds*, 254 I. C. C. 167, and *Pennsylvania, O. & D. R. Co. Bonds*, 254 I. C. C. 473. Our Legislative Committee has given consideration to the subject of competitive bidding in connection with S. 874, a bill "To require competitive bidding in connection with the sale of certain railroad securities."

On July 31, 1943, we entered an order instituting a general investigation into the matter of competitive bidding in the sale of railroad securities issued under section 20a of the Interstate Commerce Act, Ex Parte No. 158. The issues in this proceeding were argued orally before us on November 5, 1943.

#### AMORTIZATION AND ACCELERATED DEPRECIATION

By section 124 of the Internal Revenue Code (Amortization Deduction) an income taxpayer is entitled to a deduction based upon amortization over a period of 60 months of the cost of an "emergency

facility" certified by either the Secretary of War or the Secretary of the Navy as "necessary in the interest of national defense during the emergency period." To harmonize our accounting rules for steam-railroad companies with this amortization privilege and to obtain information as to the amounts involved by order of September 22, 1941, we prescribed separate accounts for operating expenses assigned to maintenance of way and structures and of equipment in which to record these amortization charges and exempted property covered by such charges from the accrual of normal depreciation applicable under our accounting rules.

Under the liberal interpretation of section 124, the amounts charged to the amortization accounts have been much greater than we anticipated. The railroads have availed themselves of the privilege of recording amortization charges in their expenses in lieu of normal depreciation to such an extent that practically all purchases of new equipment are now charged under section 124 and exempted from normal depreciation accounting. The total charges, both road and equipment, for amortization of defense projects in 1942 were about \$92,000,000. Approximately 95 percent of this was for equipment. For the first 6 months of 1943, such charges were at the annual rate of \$126,000,000, and in August 1943 at nearly \$133,000,000, which corresponds with normal depreciation charges of about \$23,000,000. While it doubtless can be demonstrated that the purchase of equipment to which this accounting relates is due in large measure to the war effort, it is, of course, obvious that its service life will not be limited to 5 years. It is, for the most part, standard equipment. Most of it, some after additional expenditures for conversion or re-building, will doubtless be in use for a time equal to the normal service life of equipment of its class. Consideration should be given to this factor in any review or comparison of railroad earnings. On the other hand, it must also be remembered that this apparent understatement of earnings resulting from amortization is being offset to some extent by the acceleration of depreciation of equipment resulting from the present intensive use of such equipment which is not subject to amortization.

There has been discussion as to the advisability of increasing the rates for depreciation on equipment not subject to amortization because of the shorter lives expected as a result of this present intensive use, which is approximately 60 percent above the normal upon which the present service lives were based. It would, however, be very difficult to measure the effect of accelerated depreciation with any degree of certainty. For instance, the service life of a unit of equipment, such as, for example, a freight-train car, is affected about equally by time and weather and by use. Moreover, many units of

equipment are being continued in service past the normal time of retirement through extensive repairs, the depreciation charge being continued as long as the units are in service. These increased charges, to some extent, may be considered an offset to any accelerated depreciation. The extended use of freight cars is shown by the fact that although the average actual retirement of freight cars for the years 1932 to 1941 was approximately 82,000 cars a year, only 72,030 cars were retired in 1940, 26,693 in 1941, and an estimated 15,000 in 1942. The retirements in the past two years are only 25 percent of the average. But disregarding this fact, even with the present high level of traffic and assuming normal conditions otherwise, it may be estimated that the maximum increase in the service life rates attributable to traffic acceleration would not exceed 30 percent, a figure obtained by multiplying 60, taken as the percentage of increase in traffic, by the assumed 50 percent affected by use. Such an increase in service life rates would amount to approximately \$60,000,000, which, added to normal depreciation charges on equipment subject to amortization charges, gives a total of \$83,000,000 as against amortization charges of \$133,000,000.

Another factor partially offsetting any excess which may exist in the amortization charges is the effect of the present heavy traffic on the service lives of ties, rails and track fastenings and ballast, comprising some of the accounts not covered by our depreciation orders now in effect. Due to inability to secure even adequate normal requirements, because of priority controls over critical materials, undoubtedly some deferred maintenance is accumulated, particularly as to rails, track fastenings and ties. Under our order of June 29, 1942, separate deferred maintenance accounts for both road and equipment have been provided. The total charges for deferred maintenance in 1942 were, however, only \$7,500,000, and for the first 6 months of 1943 a reverse entry of nearly \$1,000,000 appears. It is obvious that the carriers are not generally taking advantage of this provision in the accounting by charging estimated deferred maintenance.

#### GOVERNMENT LOANS TO RAILROADS

The Congress has provided for direct financial aid to the railroads in the form of loans or grants through the activities of three different agencies. The extent of the aid so rendered has been described in our previous reports but it is of interest to review at the present time, the financial aspects of these three programs.

The first provision for Government loans to railroads was incorporated in section 210 of the Transportation Act, 1920, as amended, and created a revolving fund of \$300,000,000 for the purpose among

others of loans during the transition period immediately following the termination of Federal control to carriers by railroad subject to the Interstate Commerce Act to meet maturing indebtedness or to acquire equipment or to make other additions and betterments. Under these provisions, the loans were made by the Secretary of the Treasury upon receipt of certification by us of our findings in each case that the loan was necessary to enable the applicant properly to meet the transportation needs of the public, and that the prospective earning power of the applicant and the character and value of the security offered were such as to furnish reasonable assurance of the applicant's ability to repay the loan within the time fixed and to meet its other obligations in connection with such loan. The general steps taken by us looking to administration of this provision were set out in our annual report of December 1, 1920.

The extraordinary business depression of the early thirties caused the Congress to enact on January 22, 1932, the act creating the Reconstruction Finance Corporation, with power to make loans to aid in financing agriculture, commerce, and industry. Because of the marked recession in railroad earnings which accompanied the depression, and the resulting difficulty of carrying out any form of railroad financing, this act contained provision for loans by the Finance Corporation, upon our approval, to aid in the temporary financing of railroads engaged in interstate commerce, to railroads in process of construction, and to receivers of such railroads, when the necessary funds could not be obtained by them upon reasonable terms from other sources, provided that such loans were fully and adequately secured. By subsequent amendments, the powers of the Finance Corporation have been broadened so that it may now aid in the financing reorganization, consolidation, maintenance, or construction of railroads engaged in interstate commerce through the purchase or guarantee of their obligations as well as those of trustees or receivers of such railroads. Under this act as amended, we are required in connection with our approval of any proposed aid to railroads not in receivership or trusteeship, other than aid in financing the maintenance or purchase of equipment, to certify that the applicant on the basis of present and prospective earnings may reasonably be expected to meet its fixed charges without their reduction through judicial reorganization. The Finance Corporation likewise may extend the terms of loans previously made upon our prior approval and certification that the railroad is not in need of financial reorganization in the public interest.

By the provisions of Title II of the Emergency Relief and Construction Act of 1932, the Congress authorized the Finance Corporation, among other things, to make loans to aid in financing the construction

of publicly owned bridges to be used for railway and highway purposes, the cost of which would be returned in part through tolls and the remainder by means of State taxes, and to purchase bonds of any State, municipality, or other public body issued for the financing of such a bridge. Any such loans to a railroad or receiver of a railroad could not be made without our approval.

The third provision for financial aid to railroads was incorporated in the National Industrial Recovery Act, approved June 16, 1933. This act was intended to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works. It authorized the creation of a Federal Emergency Administration of Public Works all of the powers of which would be exercised by an administrator. He was required to prepare under the direction of the President a comprehensive program of public works, and, with a view to increasing employment quickly, the President was authorized, through the administrator, or through such other agencies as he might designate, to aid in the financing of such railroad maintenance and equipment as might be approved by us as desirable for the improvement of transportation facilities.

The same act amended the Emergency Relief and Construction Act so as to extinguish the power of the Reconstruction Finance Corporation to advance funds for self-liquidating projects.

By act approved June 19, 1934, the Congress authorized the Finance Corporation to purchase, within certain limits, marketable securities acquired or to be acquired by the Federal Emergency Administration of Public Works, any sums paid for such securities to be available to the latter for the making of additional loans. No funds have been available, and no applications have been approved by us, for aid under this act since 1937.

*Summarization of loans to carriers during transition period.*—The loans under the provisions of Section 210 of the Transportation Act, 1920, bore interest at the rate of 6 percent per annum which was credited to the revolving fund, and were limited to a term of 15 years from the making thereof. Since applications for these loans had to be filed within 2 years after the termination of Federal control of the railroads, (March 1, 1920) most of the loans had matured before the close of the year 1938. Our annual report of that year showed only one loan, in the principal amount of \$750,000 unmatured, and our report of the following year showed all outstanding loans under this section as in default. Since then our annual reports have shown each year the amount of these loans, and the interest thereon, which was in default.

On October 1, 1939, there were loans in the principal amount of \$25,178,927.88, and interest of \$12,960,255.65, in default. Since 1938,

there has been paid to the Treasury \$111,551.58 on the principal of these loans and \$2,605,839.42 of interest. The amount of principal so paid includes the sums received by the Treasury in connection with the sale of certain of the defaulted notes and the collateral securing them, pursuant to the provisions of the amendments to section 210, adopted on August 13, 1940, authorizing the President or any officer designated by him to sell, exchange, or otherwise dispose of any notes or securities acquired under the provisions of that section. In connection with these transactions, we have analyzed, and advised the Treasury of our views with respect to the terms of certain of the proposed settlements or sales of securities.

On October 18, 1940, a supplemental report and amendatory order was issued in the Seaboard Bay Line proceeding modifying our previous certificate so as to provide for the release of \$1,704,000 of 6-percent Seaboard Bay Line equipment trust notes with interest coupons maturing February 15, 1932 and thereafter (held by the Secretary of the Treasury as collateral security for promissory notes aggregating \$1,256,000) in consideration of the deposit and pledge as substituted security of \$1,256,000 of receivers' certificates bearing interest at 2 percent from February 1, 1935, to February 1, 1938, a percent from February 1, 1938, to February 1, 1940, and 3½ percent from February 1, 1940, to February 1, 1945, subject to stated terms and conditions including *inter alia* payment of interest due on the promissory notes to February 1, 1935, and interest on the receivers' certificates from February 1, 1935, to the interest date next preceding the date of exchange.

Lists of outstanding loans and of principal and interest due and in default appear in appendix D.

*Summarization of loans to railroads by the Reconstruction Finance Corporation.*—The total net amount of loans, purchases of securities, and guaranties approved by us under this act is \$914,928,336.62 inclusive of \$6,000,000 approved under section 201 of the Emergency Relief and Construction Act of 1932. Total advances and purchases actually made by the Finance Corporation to railroads, and to trustees and receivers of railroads, up to November 1, 1943, amounted to \$849,313,175.16. The total of the principal of the loans repaid was \$451,631,999.16, leaving outstanding on the same date, loans in the amount of \$397,681,175.70.

The total interest paid to the Finance Corporation upon its railroad loans, up to October 1, 1943, was \$157,583,869. The total of loans repaid plus interest received on all loans, premiums, and discounts realized from the sale or retirement of railroad securities and charges received for guaranty of railroad security issues, equals \$597,043,785.

Of the total outstanding loans to railroads, \$139,735,888 represents the principal amount of loans to railroads in trusteeship and receivership. Unpaid interest in default on these loans on October 1, 1943, was \$39,150,315. Of the above total loans, \$10,307,000 represents the principal of equipment-trust obligations, which under the provisions of section 77 may not be disturbed in the section 77 reorganizations. The sum of \$10,464,438 represents the principal of receivers and trustees obligations entitled to priority in the reorganizations. The remaining \$118,964,950 of these outstanding loans to railroads in trusteeship and receivership on which the above unpaid interest has accrued is secured by collateral which will entitle the corporation to receive in the reorganizations new securities, the value of which it is now impossible to estimate.

During the period since our last report we have approved one purchase of carriers' securities by the Reconstruction Finance Corporation under section 5 of the Reconstruction Finance Corporation Act. We also approved the extension of the term of a loan with certain modifications in its provisions.

The purposes for which financial aid has been accorded the carriers by the Finance Corporation and the amounts of the funds utilized for the purposes of such aid have been set out each year in detail in our annual report.

A statement of the total amount of the loans made to railroads and their trustees and receivers by the Finance Corporation will be found in appendix D to this report.

*Summarization of financing of railroad maintenance and equipment.*—During the period in which funds were available for this purpose, as described above, we approved the expenditure of \$231,777,606.48 upon 73 different projects for railroad maintenance and equipment. The purpose for which the funds were to be used were set out in our forty-eighth, forty-ninth, fiftieth, and fifty-first annual reports.

The total amount actually advanced or granted on these projects was \$200,974,500. There has been repaid the total sum of \$190,474,022, leaving outstanding the sum of \$10,500,478. The total of interest received on these advances plus the premiums and discounts realized from the sale or retirement of the securities taken amounted to \$15,241,789.

#### OPERATING AUTHORITIES

When the Act to Regulate Commerce (now known as the Interstate Commerce Act) became effective April 5, 1887, it was essentially a rate-regulatory act, designed to correct rate inequalities, preferences, and discriminations. Our jurisdiction was confined to common carriers engaged in interstate transportation wholly by railroad, or partly

by railroad and partly by water. The scope of the railroad operations necessarily was circumscribed by the very nature of their properties; in other words, by the extent of the tracks over which the trains operated. However, some 33 years later, with the enactment of the Transportation Act, 1920, the Congress evolved a new policy<sup>5</sup> by requiring a railroad to secure a certificate of convenience and necessity as a condition precedent to the construction or operation, or the abandonment, of any road or extended line of railroad. The Congress thus apparently began to recognize that, in order to maintain an adequate and efficient national system of transportation in the interest of the public, the institution of new operations and the abandonment of established ones should be controlled through so-called operating authorities. This method of control has been incorporated into all the major regulatory acts since 1920. The effect of this amendment, which is now embraced in part I of the Interstate Commerce Act, was to mold the railroad system of the country into the form it had taken in 1920, except for changes thereafter authorized by the Commission, and thereby to insure the continuance of existing services required by the public, to promote planned expansion, and to prevent wasteful competition. The authority conferred upon us embraces the extension and abandonment of railroad operations by means of trackage rights,<sup>6</sup> but does not extend to the construction or abandonment of spur, industrial, team, switching, or side tracks wholly within one State, or to street, suburban, or interurban electric railways not operated as a part of a general steam railroad system of transportation.

In the administration of the provisions of the law relating to the issuance of certificates of public convenience and necessity to railroads the interests of the shipping public have always been considered as being of primary importance, although the interests of the railroads and of persons desiring to enter the railroad business have not been ignored. Since 1920, more than 3,600 applications have been filed for certificates, of which approximately 18 percent were for authority to construct new lines, 62 percent were for authority to abandon existing lines, and 20 percent were for authority to acquire or to operate other lines. We have issued 517 certificates authorizing new construction totaling 10,210 miles, 1,996 certificates authorizing abandonment of 29,938 miles, and 685 certificates authorizing operation or acquisition and operation of other lines of railroad.

<sup>5</sup> While some of the States prior thereto had utilized this means of control in connection with their regulation of public utilities, it was not until the enactment of the Transportation Act, 1920, that Congress resorted to this method of controlling the development of transportation in the general public interest.

<sup>6</sup> *Transit Comm. v. United States*, 289 U. S. 121.

Under the Motor Carrier Act, 1935, which, as amended, is now part II of the Interstate Commerce Act, we were assigned new and enlarged duties and responsibilities with respect to the issuance of operating authorities. Except for certain specified operations, carriers are prohibited from engaging in operations, in interstate or foreign commerce, without first securing a certificate of public convenience and necessity or a permit from us. Brokers of transportation performed by motor carriers subject to the act are required to obtain appropriate operating authority in the form of licenses. Motor carriers and brokers which were engaged in bona fide operations on the effective date of the act, and which seasonably filed applications for operating authority, are permitted to continue such operations until their applications are determined.

Common and contract carriers which were engaged in bona fide operations on June 1 and July 1, 1935, respectively, and which have continued such operations since that time are entitled to certificates or permits without further proof of public convenience and necessity or consistency with the public interest. Carriers which began operation after these dates, but on or before the effective date of the applicable sections of the act, are not entitled to operating authority as a matter of right but we have uniformly considered past successful operations by such carriers as tending to indicate public convenience and necessity or consistency with the public interest, and as indicating ability properly to continue such operations. Authority to begin new motor-carrier operations or to extend existing operations is issued to any qualified applicant upon proof that such new or extended operations are required by the public convenience and necessity in the case of a common carrier, or are consistent with the public interest and the national transportation policy in the case of a contract carrier, and that the applicant is fit, willing, and able properly to perform the service.

Brokerage licenses are issued to any qualified applicant authorizing all or any part of the operations covered by the application if we find that the applicant is fit, willing, and able properly to perform the service proposed and to conform to the provisions of the law and the requirements, rules, and regulations which we have prescribed thereunder, and that the service authorized is or will be consistent with the public interest and the national transportation policy.

The service to be rendered, the routes over which, the fixed termini, if any, between which, the intermediate or off-route points, if any, at which, and, in cases of operations not over specified routes and between fixed termini, the territory within which the motor carrier is authorized to operate, are specified in the certificates issued to common carriers. At the time of issuance of a certificate and from time to

time thereafter we are authorized to attach to the exercise of the privileges granted thereby, such reasonable terms, conditions, and limitations as the public convenience and necessity may from time to time require, and also such terms and conditions as are necessary to carry out, with respect to the operations of the carrier, the requirements made by us pursuant to our duty to establish reasonable requirements with respect to continuous and adequate service and to carry out the other regulatory functions assigned to us. The permits issued to contract carriers specify the business of the carrier covered thereby, and the scope thereof. We are authorized to attach to permits at the time of issuance and from time to time thereafter, such reasonable terms, conditions, and limitations, consistent with the character of the holder as a contract carrier, as are necessary to carry out, with respect to the operations of such carrier, the regulatory functions conferred upon us.

In handling the huge volume<sup>7</sup> of work involved in the issuance of operating authorities to carriers and brokers subject to part II of the act, we have endeavored to avoid formal hearings and to determine the applications by means of informal investigations to the fullest possible extent. However, in cases which are handled without a formal hearing, interested parties are given an opportunity to present their views at informal conferences arranged by our field employees.

The provisions of law with respect to the issuance of operating authorities to water carriers subject to part III of the act are substantially the same as those hereinbefore discussed relative to motor carriers. The definition of a contract carrier under part III is somewhat broader than under part II in that it specifically provides that one who furnishes a vessel to a person other than a carrier subject to the act for use in transporting his<sup>8</sup> own property is a contract carrier. Water carriers are also, as a matter of right, entitled to authority to extend their services over uncompleted portions of waterway projects authorized by Congress, over the completed portion of which they already operate, as soon as such uncompleted portions are open for navigation.

In determining applications for certificates and permits filed by water carriers<sup>8</sup> under part III of the act, our experience in issuing operating authorities to motor carriers subject to part II of the act has been helpful. We have followed the procedure there adopted in carrying out the provisions of part III whenever practicable. A large number of applications have been handled without formal hearing.

Freight forwarders subject to part IV of the act are authorized to continue operations in which they were engaged on May 16, 1942, if applications for permits are seasonably filed, unless we determine

<sup>7</sup> See p. 100.

<sup>8</sup> See p. 130.

otherwise. Approximately 160 applications for permits under this part have been filed, of which about one-third have been accorded final action. Consistent with our action taken in such cases arising under parts II and III of the act, we have considered operations by freight forwarders over a period of years as tending to show that continuance of such operations will be consistent with the public interest and the national transportation policy.

With the exception of the provisions of part I of the act relating to the issuance of certificates to railroads, the statutory requirements with respect to the issuance of operating authorities to carriers by water and by motor vehicle, and to freight forwarders and brokers of motor transportation, are similar. The differences which exist in the statutes are due to the varying inherent characteristics of the businesses of the operators involved. By and large, the principles enunciated in our decisions relating to the issuance of certificates, permits, and licenses have met with the approval of the courts.

#### INCREASED RAILWAY RATES, FARES, AND CHARGES, 1942

Under this caption in our last preceding annual report, page 33 *et seq.*, we discussed the proceedings which led to authorization of the increases in freight rates and charges and in standard and commutation passenger fares, in interstate commerce, after hearing upon petitions of carriers by railroads and of certain common carriers by water. Our report, captioned as above, appears at 248 I. C. C. 545. The increases authorized became effective, generally, as to passenger fares on February 10, 1942, and as to freight rates and charges, on March 18, 1942.

In December 1942, petitions seeking reopening of the proceeding and reconsideration were filed by the Price Administrator acting on his own behalf and for the Director of Economic Stabilization, by the Secretary of Agriculture, by certain other public officers and bodies, and by a number of associations of shippers and producers. In substance, the petitioners alleged that the financial condition of the railroads had improved so much since the original decision, chiefly by reason of the subsequent growth in volume of traffic, as to render unnecessary the continuance of the increases authorized. Allegations were made by some that the increases, averaging about 4.7 percent on freight traffic and 9 percent on passenger traffic, were inflationary in effect, incompatible with the principles of economic policy promulgated by the Congress, and that if continued they would put in jeopardy the success of the Government's program to avoid inflation. In reply, the railroads traversed those allegations, and asserted

the justness and reasonableness of their rates, fares, and charges as increased.

We reopened the proceeding for further hearing by order of January 4, 1943, and held a further hearing in Washington during February. As was done upon the original hearing, we gave notice of the reopening and of the hearing thereon to each of the States, and invited and received the cooperation of a committee of eight State rate regulatory Commissioners throughout the hearing and argument, and in conference as to determination of the proceeding.

Our report on further hearing, 255 I. C. C. 357, was adopted April 6, 1943. In it we stated that it is our intention in the performance of our duties under the Interstate Commerce Act to cooperate with the Director of Economic Stabilization and the Price Administrator in their administration of the Emergency Price Control Act of 1942, as amended by the Stabilization Act of October 2, 1942, which expressed the congressional objective to prevent price inflation. We did not accept the contention made by counsel for those officers that the last-mentioned acts amend or modify the Interstate Commerce Act and that "all regulatory standards must yield to the dominant purpose of the Stabilization Act," and held that our primary duty is to carry out the various provisions of the Interstate Commerce Act so as to effectuate the national transportation policy declared by the Congress. In the original report we stated that we had weighed carefully the inflationary tendencies in price levels inherent in general increases in freight rates, and had graded the increases according to commodity groups so as to minimize pyramiding or inflationary effects.

Upon the record as supplemented upon the further hearing, we found that the added revenue resulting from the increases previously authorized in the freight rates and charges was no longer necessary under then present conditions, and that the then existing freight rates and charges were unreasonable to the extent that they included the increases authorized in our original report. The authority to continue such increases was therefore suspended from May 15, 1943, until January 1, 1944. We found further that no modification was necessary with respect to the standard interstate passenger fares, but we revoked the authority to continue the increase in commutation fares. As to commutation fares we stated that we would undertake investigations thereof, and invite the cooperation of the regulatory bodies of the States as concerns their intrastate commutation fares, independently of this proceeding to determine whether any increase should be made in order that the national transportation policy may be carried out, and an adequate transportation system and essential commutation service may be maintained during the war emergency. Several such investigations have been instituted and are now in progress.

Excepted from the requirement that the increases be suspended were freight rates which had been voluntarily reduced by the railroads at the request of the Federal Government, on account of war conditions. Appropriate orders were entered and served, to carry our decision into effect.

The schedules filed in response to our orders suspended the increases in freight rates and charges generally from May 15 to December 31, 1943, and were generally so expressed as to provide that effective January 1, 1944, the increases will be reinstated. Passenger commutation fares were reduced on May 15, 1943, to the former bases.

Various petitions were filed prior to May 15, 1943, which sought exception of all less-than-carload, any-quantity, and merchandise traffic, and certain port and switching charges, from the suspension order of April 6. We denied these petitions.

Many informal rulings have been made interpreting the exception of rates voluntarily reduced by the railroads at the Federal Government's request. In general, there was prompt acquiescence in these informal rulings. Reconsideration of an informal ruling relating to rates on canned goods moving east-bound from Pacific coast origins and handled on transit provisions was demanded by the rail carriers, and their petition was considered and denied.

By our order entered October 7, 1943, we have required the petitioning railroads and all other parties to the proceeding to serve and file with us on or before October 30, 1943, a return to the order, which shall show cause (if any there be) why we should not modify the previous orders herein by extending the suspension period for a further period of 6 months, or until July 1, 1944. The order advises the parties that upon the record in the proceeding and the returns which shall be filed, we will enter such order as may be appropriate and requisite under the Interstate Commerce Act.<sup>9</sup>

#### CLASS RATE AND CLASSIFICATION INVESTIGATIONS

Our preceding annual reports have stated the progress made in these comprehensive investigations. Since our last report, additional hearings were held at Columbus, Ohio, November 16 to 27, 1942, and at Washington, D. C., March 29 to April 1, 1943, when the record of testimony was closed. Briefs of the parties were filed in August 1943. The record before us comprises 5,490 pages of testimony and 233 exhibits, some of which contain hundreds of pages of tabular matter.

<sup>9</sup> In a supplemental report dated November 8, 1943, after the period covered by this annual report, we found that the added revenues that would result from the increases in freight rates and charges authorized in the original report and suspended in the report and order on further hearing would not be necessary under conditions presently foreseeable for the period from January 1 to June 30, 1944. The increases previously authorized were accordingly suspended until July 1, 1944.

The evidence received at the Columbus hearing was offered by the State commissions and shipper interests, principally in western trunk-line and official territories, which had not been heard at the previous hearings, and by respondents, chiefly in rebuttal. That received at Washington was almost entirely in the nature of rebuttal.

Members of our statistical staff prepared certain additional studies, which were received in evidence, as follows:

1. Territorial movement of carload freight on May 27 and September 23, 1942.

2. Unit costs for the eastern territory including and excluding the Pocahontas territory and the State of Kentucky; unit costs for the southern territory including and excluding the State of Kentucky, and other data.

3. Reply to criticisms of cost studies.

4. Percentage distribution of carload traffic and revenue therefrom as between class, exception and commodity rate traffic, September 23, 1942.

A proposed report is in course of preparation.

#### COMMUTATION FARES

Commutation fares have been designed for application to a special type of passenger transportation service. This service is scheduled and conducted for the purpose of accommodating regular or frequent travel between the same points, usually to and from large centers of population. The distances for which commutation fares are published rarely exceed 100 miles. These fares are, and have traditionally been, lower than the basic passenger fares. Commutation tickets are generally sold for specified periods of time, such as 30 days or a calendar month, and for a specified number of rides during such periods.

As a result of our decision in *Increased Railway Rates, Fares, and Charges, 1942*, 248 I. C. C. 545, interstate commutation fares were increased by 10 percent, along with all other passenger fares. At a further hearing in that proceeding after these increases had been in effect for several months continuation of the increase on commutation fares was opposed by certain State regulatory bodies for various reasons mentioned in our report on further hearing, 255 I. C. C. 357. We there expressed the view that commutation traffic undoubtedly had been subjected to increased costs similar to those borne by other traffic but, in recognition of the essentially local and special character of such traffic, we decided to exclude it from the general passenger increase and to enter upon investigations to determine whether or not commutation fares should bear any increases and, if so, by what amounts. Four such investigations have been instituted, involving fares, in New England, and in the New York City, Philadelphia, and Chicago areas,

where the largest volume of commutation traffic occurs. One of the prime considerations in these investigations is to ascertain whether or not commutation traffic is bearing its fair share of the total burden of transportation expense.

Proceedings under section 13 of the Interstate Commerce Act affecting intrastate commutation fares which arose from failure of State authorities to permit the establishment of the general 10-percent increase have been discontinued and outstanding orders vacated.

#### PROPORTIONAL RATES IN CONNECTION WITH AND BY WATER CARRIERS

The Interstate Commerce Act, as amended, requires carriers by rail and common carriers by water subject thereto to establish and maintain reasonable through routes. While they are at liberty to do so, the act does not require carriers to establish and maintain joint rates over such routes or to enter into any agreement or arrangement as to through rates or charges.

Where no joint rates over through routes are in effect the several carriers by rail, or by water, over whose routes the traffic moves, apply their separately established rates for their respective portions of the through movement. Such rates may be the same as or lower than the local rates applicable on traffic over the same portions of the route. Terms used to describe particular types of rates applied to portions of the through transportation attempt in a general way to differentiate them according to the kind of traffic for which they are used. Typical of such terms are import and export rates, lake-cargo rates, ex-river rates, ex-lake rates, and proportional rates. The latter term includes rates not otherwise specifically designated and sometimes is synonymous with some or all of the other terms.

Import and export rates by rail applicable on traffic from or destined to foreign countries were among the first proportional rates. Those rates were lower than rates on domestic traffic which originated or terminated at designated ports and were applied only on commodities brought to or taken from the same ports by water carriers. That difference in treatment of the two classes of traffic gave rise to complaints that the lower rates were unlawful, but when the matter came before the United States Supreme Court in *Texas and Pacific Co. v. Interstate Commerce Commission*, 162 U. S. 197, decided March 30, 1906, the Court held that as a matter of law a carrier is not prohibited from charging a less sum for the transportation of imported merchandise than it charges for moving domestic traffic from the same port to an inland point.

Complaints that restricted rail proportional rates in connection with traffic of water carriers are unlawful arise in various forms. For

example, as early as 1905, in *City Gas Co. v. Baltimore & O. R. Co.*, 11 I. C. C. 371, we found that while the rail carrier in that proceeding continued to give a rate, less than its local rate, on coal from mines in Pennsylvania to Baltimore, Md., for movement beyond by water to points inside Cape Henry and Cape Charles, Va., it could not lawfully deny the same rate on coal forwarded by water from Baltimore to Norfolk Va. In several subsequent decisions, we recognized that proportional or transshipment rates of that character may lawfully be lower than the local rates between the same points and approved or required the maintenance of such rates.

Proceedings decided by us approving or prescribing proportional rates lower than the local rates include those dealing with rates on coal moved by rail to ports on the Great Lakes for movement beyond by common or private water carriers to destinations in the United States or Canada. Such rates generally are referred to as lake-cargo rates. There is also another line of decisions in which we have prescribed, approved, or disapproved proportional rail rates, lower than the local rates, from river ports on coal brought into the ports by unregulated water carriers, and from ports on the Great Lakes on iron ore and grain brought into the lake ports by common or private water carriers. Such rates are generally referred to as ex-river and ex-lake rates.

The other principal category of proportional rail rates in connection with water carriers are those applicable on coastwise and inter-coastal traffic.

If any person believes the restriction placed upon the use of a rail proportional rate is unlawful, he may file a complaint with us requesting relief. The question of whether such rates are unreasonable, unduly preferential or prejudicial, or unjustly discriminatory, is one of fact. All the facts and circumstances affecting the traffic in each particular case must be considered and while in some instances it may suffice to consider only the separately established rail rate and conditions on the line of the carrier maintaining it, in others it may be necessary to give controlling effect to competitive conditions existing beyond that line, especially where the question in issue is whether the restricted proportional rate causes undue preference or prejudice. The following are the principal proceedings in which we have been called on to consider proportional rates in connection with or by water lines since the approval of the Transportation Act of 1940:

*Petroleum Coke, Texas to Baton Rouge and New Orleans*, 248 I. C. C. 291. Respondents proposed to establish a low proportional rail rate of \$1.20 per ton on petroleum coke from Port Arthur, Tex., and related points to Baton Rouge, La., when for movement beyond. The rate factor otherwise applicable would have been \$2.71 per ton. The declared object of the proportional rate of \$1.20 was to recover traffic

which had been lost by the rail lines to common carriers by water whose rates from Port Arthur to New Orleans were \$1 per ton f. o. b. barge at New Orleans, and \$1.20 to storage or f. o. b. cars at New Orleans. The proposed rate of \$1.20 was found to be less than a minimum reasonable rate, and that a reasonable rail proportional rate would be \$1.50 per ton.

*Grain Proportionals, Ex-Barge to Official Territory*, 246 I. C. C. 353, 248 I. C. C. 307. Certain rail carriers in that proceeding proposed to deny the use of existing proportional rates in connection with shipments of ex-river grain out-bound from Chicago and related rate-break points. The proposed restriction was suspended on protest of water carriers and others. The basis of the protest was that as a matter of law ex-water traffic was entitled to the same rates out-bound as ex-rail traffic. No evidence was adduced upon which proper rates on the ex-water traffic could be prescribed either by way of proportional rates or joint water-rail rates. Finding the legal position of protestants to be erroneous, we vacated our order of suspension and discontinued the proceeding. This action was ultimately sustained by the Supreme Court in *Interstate Commerce Commission v. Inland Waterways Corp.*, 319 U. S. 671 (for more detailed discussion of the opinion see *infra*, p. 88). Upon subsequent petition of protestants for opportunity to adduce evidence upon which rates might be prescribed for application on the traffic in question, we have reopened the proceeding and set the matter for further hearing. In the meantime, the rail carriers have voluntarily postponed the effective date of the proposed tariffs so as to maintain the status quo pending final determination by us.

*Proportional Rates on Citrus Fruit from Jacksonville, Fla.*, 246 I. C. C. 615. This was an investigation instituted by the United States Maritime Commission concerning the lawfulness of proportional rates by water from Jacksonville, Fla., and Fort Pierce, Fla., to north Atlantic ports on citrus fruit originating at interior points in Florida, and practices in connection with the application of such rates. Jurisdiction over this proceeding was transferred to us as provided in the Transportation Act of 1940.

On February 13, 1936, the water carriers had established a proportional rate on citrus fruit from Jacksonville to the north Atlantic ports on traffic originating at Eustis, Fla., which is about 130 miles south of Jacksonville. From time to time, additional proportional rates were established from Jacksonville on traffic originating at other interior Florida points. As of November 22, 1940, such rates were applicable on traffic originating at 66 interior points for shipment from Jacksonville to New York and from 68 origins for shipment from Jacksonville to Philadelphia. The proportional rates from Jackson-

ville ranged from 35 to 45 cents, varying with the point of origin. They were designed to represent amounts which when added to the truck rates to Jacksonville would produce through rates equal to the all-rail rates.

It was held that the proportional rates from Jacksonville were not shown to be unreasonable but that they were unduly prejudicial to Fort Pierce and Tampa, Fla., and unlawful, in violation of section 306, in that they were not so stated that the proper rate could be readily ascertained and collected. Certain practices described in the report were found unjustly discriminatory and in violation of section 306 of the act because they resulted in a refund by the water carrier of a portion of its published rates.

*Port of New York Authority v. Baltimore & O. R. Co.*, 248 I. C. C. 165. Complainant alleged (1) that the ex-lake rates on grain from Buffalo and Erie, Pa., to Philadelphia, Pa., and Baltimore, Md., were unduly prejudicial to the Port of New York and grain dealers there located and unduly preferential of the ports of Philadelphia and Baltimore and the grain dealers there located; (2) that the ex-lake rates from Buffalo and Erie to Baltimore were less than reasonable minimum rates; and (3) that the ex-lake rates on grain from Toledo, Ohio, for export were unreasonable and unduly prejudicial and unduly preferential of Philadelphia, Baltimore, and Norfolk, Va.

Rates on ex-lake grain from Erie to certain north Atlantic ports have been maintained for many years on the same basis as those from Buffalo. The rates to Baltimore and Philadelphia since 1890 have been made differentially under the rates to New York. In 1904, we found that, on ex-lake grain, Baltimore and Philadelphia should be allowed a differential of 0.3 cent per bushel or 0.5 cent per 100 pounds under New York. That differential has been maintained continuously since that time.

It was found that the assailed rates from Buffalo and Erie to New York were not unduly prejudicial or preferential, and that the ex-lake rates on grain from Buffalo and Erie to Baltimore were not shown to be less than reasonable minimum rates, but that the ex-lake rates on grain from Toledo to New York for export were and for the future would be unduly prejudicial to New York and unduly preferential of Philadelphia and Baltimore to the extent that the rates to New York exceeded those to Philadelphia and Baltimore by more than 1.5 cents per 100 pounds.

*Canned Goods from Eastern Ports to Alabama*, 248 I. C. C. 629. Numerous water and rail carriers were authorized to establish and maintain on canned goods from docks at Boston, Mass., New York, N. Y., Philadelphia, Pa., and Baltimore, Md., to Birmingham and Montgomery, Ala., and points intermediate thereto in Alabama, joint

water-and-rail rates, including proportional rates from Boston to Birmingham and Montgomery on canned fish originating at points in Maine, over their routes through Virginia and south Atlantic ports the same as the lowest rate that was or might be concurrently in effect on like traffic over competing water-rail or water-truck routes from or to the same points through Mobile, Ala., and subject to certain conditions to maintain higher rates at intermediate points.

*Toledo Board of Trade v. Baltimore & O. R. Co.*, 251 I. C. C. 306. Complainant alleged that the export rates on ex-lake grain in carloads from Toledo, Ohio, to Baltimore, Md., were unreasonable and unduly prejudicial to Toledo and unduly preferential of Buffalo, N. Y. It was found that the rates from Toledo were not unreasonable but that they were unduly prejudicial to Toledo and unduly preferential of Buffalo to the extent that the rates from Toledo exceeded the winter and summer rates from Buffalo by more than 2 cents and 1.5 cents per 100 pounds, respectively.

*Iron or Steel to the Pacific Coast for Export*, 255 I. C. C. 739. The carrier respondents proposed to increase the all-rail rates on iron and steel articles including tin plate and terne plate, in carloads, from eastern, southern, and western origins to Pacific coast ports, for export. We found that the proposed rates were not shown to be just and reasonable and ordered the cancellation of the schedules.

#### PROTECTIVE SERVICE AND CAR OWNING COMPANIES

An investigation with respect to the compensation to be paid and other terms of contracts, agreements, or arrangements for the use of locomotives, cars, or other vehicles not owned by the carriers using them, as contemplated by section 1 (14) (a) of the act as amended by the Transportation Act of 1940 has not yet been undertaken because of the abnormal conditions created by the war, as referred to in our annual report for 1942. The situation there referred to became more pronounced shortly after the submission of our report, when the necessity for further conservation in the use of refrigerator cars caused us to appoint a refrigerator car agent and vest him with authority to control the movement of such cars. Refrigerator cars are now being operated practically without regard to ownership in order that there may be as little empty movement and loss of loaded car days as possible. The intensive use of tank cars for handling petroleum products during the past year is a matter of general public knowledge. The contemplated investigation which, it is believed, will disclose information of value to us and to the public, will be undertaken as soon as conditions permit.

Forty-six contracts entered into by various common carriers by railroad with other persons for furnishing to or on behalf of such

carriers protective service against heat or cold to properly transported or to be transported in interstate or foreign commerce have been submitted to us and approved, in accordance with the provisions of section 1 (14) (b) of the act as amended by the Transportation Act of 1940, since the submission of our report for 1942.

#### TARIFFS FOR REDCAP SERVICE AT PASSENGER STATIONS

In a proceeding of investigation on our own motion, No. 28842, *Dayton Union Tariff for Redcap Service*, 256 I. C. C. 289, on September 7, 1943, we held that section 6 of the Interstate Commerce Act required The Dayton Union Railway Company to publish and file with us a tariff stating the charge made by it for the service of carrying baggage by its redcap porters at its union railway passenger station in Dayton, Ohio, so far as such service relates to interstate or foreign commerce. This holding followed that made as to the same general issue in *Stopher v. Cincinnati Union Term. Co., Inc.*, 246 I. C. C. 41, with respect to whether the carriage of hand baggage for passengers to or from passenger cars in the station constitutes transportation or a transportation service as described in section 1 of the act.

#### RATE BUREAUS AND CONFERENCES

On November 16, 1942, the Director of the Office of Defense Transportation, pursuant to the provisions of paragraph 5 of Executive Order No. 8989, for his Office and for the War Department and Navy Department, addressed a letter to us reading in part as follows:

In conjunction with the War Department and the Navy Department, this Office has been seeking to remedy the confused situation which resulted from news dispatches of some weeks ago announcing a wide-spread investigation of the domestic transportation system, particularly as to the activities of rate bureaus, rate conferences, and other similar common-carrier organizations. As a result, the Attorney General has recently issued a public statement declaring his intention of confining prosecutions under the antitrust law to those cases only in which there were flagrant abuses of the joint method of rate initiation and establishment. In addition, it has been agreed to seek a certificate from the Chairman of the War Production Board pursuant to the provisions of section 12, Public Law 603, Seventy-seventh Congress, and conferences between our representatives and those of the War Production Board have resulted in the suggestion that such a certificate, when issued, be conditioned upon compliance by rate bureaus and conferences with such reasonable rules and regulations as the Interstate Commerce Commission may prescribe in the public interest. At the conference, the general counsel of the War Production Board suggested that a satisfactory way to initiate proceedings leading to the issuance of such a certificate would be for the Commission to address a letter to the Chairman of the War Production Board, expressing the Commission's willingness to undertake the preparation and promulgation of such rules and regulations if the War Production Board desired to condition its certificate upon compliance with such rules and regulations, and suggesting in the letter, in general terms, the subject matters proposed to be covered by such rules and regulations when issued.

I consider that the solution of the existing problem in the manner proposed is a matter of real importance in the successful prosecution of the War, and, therefore, pursuant to the provisions of Executive Order No. 8989, particularly paragraph 5 thereof, I request that the Commission address such a letter to the Chairman of the War Production Board and thereafter undertake to prescribe such rules and regulations at the earliest practicable time. I am authorized to state that the War Department and the Navy Department join with me in this request.

On November 19 we responded to this request by letter to the Chairman of the War Production Board, to the effect that if he should—

issue the certificate requested the Interstate Commerce Commission at the earliest practicable date thereafter will promulgate reasonable rules and regulations designed to safeguard the public interest in respect of matters of organization, operation, and management of rate bureaus, rate conferences, and other similar common carrier organizations engaged in the initiation and establishment of common carrier rates, fares, and charges, and regulations and practices pertaining thereto.

Such rules and regulations will be designed to assure that each carrier performing service in the territory and of the type covered by the rates within the jurisdiction of any organization, shall have an opportunity to hold membership in such organization on reasonable terms; that all members shall have an opportunity to be represented in the formulation of any rates; that prompt action shall be taken on all rate proposals; that no coercion, intimidation, boycott, or other unfair means shall be employed to prevent independent action by a carrier to establish rates other than those approved by the bureau; that charges and assessments of such organization shall not be unreasonable; that reasonable opportunity be afforded to the public and nonmember carriers to be heard prior to publication of any rates affecting them; and that all other rules, regulations, and practices of such organizations shall be reasonable.

Following discussion between the various Departments and Offices, and submissions to the Attorney General of the United States, with respect to the adequacy of the certificate proposed to be made by the Chairman of the War Production Board, the Chairman of that Board requested us to prepare with all possible speed rules and regulations covering the subject, and to submit them to him for certification pursuant to section 12 of the act cited. On January 19, 1943, we transmitted to the Chairman of the War Production Board, a set of "Regulations for Rate Conferences," which, with a draft of a proposed certificate under section 12, the general counsel of the Board transmitted to the Attorney General for his consideration. Certain objections and suggestions made by the Antitrust Division of the Department of Justice were transmitted by the Attorney General to the Board's general counsel, and, as requested, were by the latter brought to the attention of the departments and agencies interested for their opinions as to the validity of the objections and suggestions made by the Antitrust Division. A copy was transmitted to us by the Director of the Office of Defense Transportation, with a request for comment on the objections raised.

After considering the objections of the Antitrust Division, we made certain changes in the language of the draft of rules and regulations previously submitted, and on February 12, 1943, so advised the Director of the Office of Defense Transportation. On March 6, 1943, the Director, for himself and the War Department and Navy Department, requested the Chairman of the War Production Board to issue the certificate provided by section 12 of the act cited. Such a certificate was issued by the Chairman of the Board, directed to the Attorney General, dated March 20, 1943, in terms as follows:

## CERTIFICATE NO. 44

TO THE ATTORNEY GENERAL:

Pursuant to the provisions of section 12 of Public Law No. 603, Seventy-seventh Congress (56 Stat. 357) I hereby approve joint action by common carriers or foreign forwarders, or their respective representatives, through rate bureaus, rate conferences, or other similar carrier or forwarder organizations, in the initiation and establishment of common carrier and freight forwarder rates, fares, and charges, and carrier and forwarder regulations and practices pertaining thereto; *Provided*, That such action is taken subject to and in compliance with certain regulations for rate conferences formulated by the Interstate Commerce Commission a copy of which is hereunto annexed, and made a part hereof; and after consultation with you, I hereby find and so certify to you that the doing of any act or thing, or the omission to do any act of thing, by any person in compliance with my approval herein expressed, is requisite to the prosecution of the war.

The regulations, as revised and promulgated by this Commission, are as follows:

Rule 1.—Definitions as used in these rules:

(a) The term "rate conference" means any two or more common carriers or any two or more freight forwarders who consult together, either directly or by employees or representatives, for the purpose of considering or agreeing upon rates to be charged by them, or of providing for the publication of tariffs containing such rates.

(b) The term "publishing agent" means a person or corporation controlled directly or indirectly by a rate conference which publishes and files freight or passenger tariffs.

(c) The term "rates" includes fares, charges, and classifications, and all rules, regulations, and practices affecting the charges made for the transportation of freight or passengers and services incidental to such transportation.

(d) The term "carrier" means a common carrier or a freight forwarder.

Rule 2.—Any carrier performing service of the type and within the territorial and organizational scope of a rate conference's rate activities shall be eligible for membership in such rate conference upon application and upon payment of charges applicable to other members of the same class. When a rate conference consists of two or more rate conferences or their representatives, eligibility for membership in any of the rate conferences shall be considered compliance with this rule.

Rule 3.—On or before April 15, 1943, each rate conference shall register with the Interstate Commerce Commission and shall file with the Commission a copy

of its bylaws, the names and addresses of its officers and of the members of rate and other committees (except special or subcommittees created for temporary functioning), the rules of procedure followed by it, a copy of any agreement or other document which in any way provides for, governs, or affects such procedure, and schedules of its charges to members or, where expenses are divided among the members, statements showing how the expenses are divided and, if a corporation, a copy of its articles of incorporation. A copy of each change in any of the above shall be filed within 30 days of the effective date of the change.

Rule 4.—A publishing agent, upon request of any member of the rate conference for which the publishing agent publishes rates and upon payment of the charges, if any, applicable to carriers of that class, shall include the member as a participating carrier in its agency tariffs and publish rates therein for the individual or joint account of such member, except that this shall not require the publishing agent to publish joint rates for the account of carriers who indicate their nonconcurrence therein.

Rule 5.—Each member of a rate conference may propose to such conference the initiation of or change in rates to be published in the tariffs of the publishing agent for application over the proponent's line or over the lines of other members of the conference performing the service for which the rates are proposed.

Rule 6.—No rule or practice of a rate conference shall prohibit any member from publishing or having published for his account any rate or rule after ninety days from the date the rate was proposed by him, except that, in the case of a joint rate, the publishing agent shall not publish the rate for application over the line of any carrier who does not join in the request for its publication.

Rule 7.—Membership in a rate conference shall not preclude a carrier, after rejection of the proposal or after 90 days from the date of the proposal, from filing individual tariffs or from participating in tariffs published by other carriers or other rate conferences. Upon the filing of such individual tariffs or upon participation in tariffs published by other carriers or other rate conferences, the rate conference or conferences in whose tariffs the earlier rates were published shall immediately provide for the removal of any conflicting or duplicating rates in its or their tariffs.

Rule 8.—No boycott or other means of coercion or intimidation shall be employed by a rate conference, directly or indirectly, to restrain a carrier, either a member or a nonmember, from taking independent action, consistent with these rules, to establish rates other than those approved by a rate conference.

Rule 9.—Each rate conference shall maintain accounts, records, and memoranda showing its assets, liabilities, income, and expenses; and shall maintain a file for each rate proposal which shall contain the rate proposal, all protests and memoranda submitted respecting the proposed rates, and minutes of any oral hearing which may be held. The accounts, records, memoranda, files, and all correspondence of a rate conference shall be open to inspection by duly authorized representatives of the Interstate Commerce Commission.

Rule 10.—These rules are subject to modification, change, and addition as the need therefor may be shown.

A large number of filings were made on or before April 15, 1943, as provided in rule 3, *supra*, and copies of numerous subsequent changes in the documents so filed have been received by the Commission. These documents are docketed and preserved as public records, open to inspection, at our offices.

A bill, S. 942, "To amend the Interstate Commerce Act, to provide for agreements between common carriers by railroad, between common carriers by pipe line, between common carriers by motor vehicle, between common carriers by water, and between freight forwarders, for the making and filing of rates, fares, charges, or classifications for transportation of passengers and property, and for other purposes" has been the subject of extensive hearings before the Committee on Interstate Commerce of the United States Senate.

#### INTRASTATE RATE CASES

Reports have been made and issued in the following proceedings instituted by us under section 13 (3) of the act:

- No. 28846, *Increases in Texas Rates, Fares, and Charges*, 253 I. C. C. 723.
- No. 28848, *Increases in Utah Freight Rates and Charges*, 255 I. C. C. 97.
- No. 28849, *Increases in Idaho Freight Rates and Charges*, 253 I. C. C. 761.
- No. 28855, *Increases in Montana Freight Rates and Charges*, 255 I. C. C. 131.

The following investigations were discontinued:

- No. 28815, Commutation Fares in New York State.
- No. 28938, Missouri Intrastate Fares.
- No. 28943, Illinois Intrastate Commutation Fares.

The following investigations under section 13 of the act are pending:

- No. 28791, Rates on Road Aggregates within the State of Georgia.
- No. 28881, Bituminous Coal Rates within Illinois.
- No. 28963, Alabama Intrastate Fares.
- No. 29000, Kentucky Intrastate Fares.

#### EMERGENCY SERVICE ORDERS

Under emergency powers conferred upon us by section 1 (15) and (16) of the Interstate Commerce Act, there have been issued 109 emergency service orders, 50 amendments, and 302 permits, during the period covered by this report, a far greater number than had ever been issued in any previous year. A number of amendments were made in the following orders entered in 1942: No. 80, relating to the movement and storage of grain; No. 92, relating to the transportation of coal to certain ports on the Great Lakes and the Atlantic Ocean; and No. 93, involving the use of giant-type refrigerator cars.

These orders, generally speaking, were deemed necessary to facilitate the free flow of traffic and to prevent shortages of cars and make them available where and when they were most needed. Most of them were due to heavy demands of wartime traffic on railroad equipment, but some grew out of emergencies not directly connected with the war. Most of these orders will probably remain in effect until

the end of the war, while others were needed only temporarily and since have been vacated. The more important of these orders will be described briefly.

*Perishable traffic.*—About a year ago, it was urged in certain quarters that refrigerator cars should be pooled in anticipation of difficulty in connection with the distribution and movement of such cars. As a substitute for this proposal, Service Order No. 95 was issued appointing an agent at Chicago and delegating to him broad authority vested in us over the distribution of refrigerator cars. Formal pooling has been avoided, but such cars are used where and as needed regardless of ownership, and are returned to their respective home territories as circumstances permit. Through this plan, it is believed that there will be no serious difficulties with respect to refrigerator-car supply in the future.

More difficulty in the movement of perishable traffic was occasioned by shortage of ice. Early in 1943, this situation was foreseen because of scarcity of manpower, heavy demands for ice in army camps as well as for civilians, and an unusual demand for refrigeration of shipments for some kinds of fruits and vegetables which had never before moved under refrigeration. Inevitably, such a condition would tend to cause delays in transportation.

Upon reliable reports that potatoes in refrigerator cars shipped from California and certain southern States were being re-iced unnecessarily at points in those States and that the movement of trains was thereby being delayed, Service Order No. 123 was issued May 14, 1943, providing that after the initial icing no common carrier by railroad subject to our jurisdiction should allow a subsequent icing of potatoes at any point in the States referred to. Re-icing was authorized in most cases, however, by permit issued by the Director of our Bureau of Service.

At the request of the Office of Defense Transportation and upon a showing that a restriction of refrigeration service accorded shipments of fresh vegetables with top or body ice, in refrigerator cars, would result in conservation of cars and motive power, Service Order No. 133 was issued June 19, 1943. It provides that no common carrier by railroad subject to our jurisdiction shall accept or move refrigerator cars loaded with fresh or green vegetables using top or body ice unless the bunkers are collapsed (if collapsible), and no such common carrier shall accept or move a refrigerator car not equipped with collapsible bunkers loaded with fresh or green vegetables using top or body ice, if in addition ice is loaded in the bunkers. It prohibits all such carriers from loading ice in the bunkers of cars containing fresh vegetables when top or body ice is used.

Several other orders placing certain icing restrictions on fruits and vegetables, chiefly originating in western States, were issued later. All of those orders were subject to exceptions by permit, as has been pointed out, and more than 300 such permits have been issued.

There was some loss through spoilage of shipment subject to these orders, but it was relatively small when the total volume of this traffic is taken into account. Furthermore, not all this loss was caused by restrictions on icing. Some crops were harvested prematurely because of urgent demand, and the produce was too tender to bear the weight of the lading. Unseasonably warm weather throughout much of the spring and summer in widespread sections of the country was another factor. On the whole, however, it is believed that these orders were successful in preventing transportation delays, and they resulted in a more equitable distribution of the limited supplies of ice.

In the issuance and administration of these orders there was full consultation and cooperation with the Association of American Railroads, other Government agencies, and trade associations representing ice manufacturers and distributors of fruits and vegetables.

*Half-stage icing.*—The War Food Administration recommended to the railroads and to this Commission the establishment of a modified refrigeration service for fruits and vegetables known as half-stage icing, only the upper half of the bunkers or tanks being filled with ice. Upon investigation, it was found that such refrigeration service would result in economy of motive power, manpower, and ice. Accordingly, we issued Service Order No. 132 requiring all common carriers by railroad parties to Perishable Protective Tariff No. 12 (which is national in scope) to establish half-stage icing refrigeration comparable with existing standard or modified refrigeration services provided for in section 2 of said Perishable Protective Tariff, and in connection therewith to establish reasonable charges therefor. Such refrigeration services were established and charges were published on the basis of 90 percent of the charges provided for full-tank refrigeration with certain exceptions. Division 2 instituted an investigation of these charges and such charges were found unreasonable, and reasonable charges prescribed on the basis of 78 percent of the charges maintained for full-tank refrigeration. Half-Stage Refrigeration Service, decided August 31, 1943 (mimeographed). Such charges have now been published by the carriers.

*Transcontinental traffic.*—In the latter part of 1942, there was some congestion on the railroad lines serving the Pacific coast because of the heavy volume of transcontinental traffic. By Service Order No. 99, dated February 3, 1943, an experienced railroad operating official was given authority as our agent to reroute traffic from the line of any railroad which in his opinion could not currently accept and

move such traffic expeditiously and divert it to another less congested route. Simultaneously, this agent was appointed an Associate Director of the Office of Defense Transportation. This cooperative arrangement has worked satisfactorily and has prevented any serious congestion in transcontinental traffic.

*Cooperation with other agencies.*—Many of our service orders were issued in response to requests from other Government agencies for cooperation in certain phases of their work related to transportation. Three orders, Nos. 119, 124, and 127, covering the movement of potatoes under permits from various producing sections, were requested by the Office of Defense Transportation and coincided with orders of the War Food Administration. Service Order No. 152, relating to dry onions, was issued under similar circumstances, as was also Service Order No. 148, covering oranges.

The coal strikes of last spring necessitated the entry of rationing orders of the War Production Board, prohibiting deliveries of coal to users having more than a specified supply on hand. Upon certification of the Director of the Office of Defense Transportation, Service Orders Nos. 120 and 121 were issued for the purpose of putting into effect corresponding regulation of transportation.

*Traffic to and from foreign countries.*—The use of cars owned by railroads subject to our jurisdiction in transportation to and from points in adjacent foreign countries presented several problems which were the subject of service orders. Detention of cars destined to Mexico at border points led to the issuance of Service Order No. 135, which ordered increased demurrage charges on such cars. Upon request of the Office of Defense Transportation the use of cars for the transportation of grain and of bananas between points in adjacent foreign countries through the United States was made subject to permits under Service Orders Nos. 103 and 117, respectively.

*Employer-employee agreements.*—Service Orders Nos. 140 and 141 suspended the operation of long-standing agreements between certain railroads and their employees limiting the length of freight trains operating from Summit to San Bernardino, Calif., and the tonnage of trains drawn by two locomotives between Winslow and Seligman, Ariz., and between the latter point and Needles, Calif. These orders are to remain in effect only during the war unless they are sooner terminated by subsequent order.

*Weighing of cars.*—Every effort has been made to eliminate unnecessary weighing of cars, which is a cause of congestion and delay. Service Orders Nos. 139, 142, 144, and 157 were issued for the prevention of abuses of this kind at certain points of production of sand, gravel, and crushed stone.

*Demurrage.*—The cooperation of shippers and their organizations and committees in preventing car detention obviated any general in-

crease in demurrage charges, but it was found necessary to increase such charges on heavy-duty flat cars of 151,000 pounds capacity or more by Service Order No. 113, and to increase demurrage charges on cars held at the Mexican border by Service Order No. 135.

*Reconsignments.*—Congestion due to accumulations of cars awaiting reconsignment or diversion caused the entry of Service Order No. 115, prohibiting the holding of cars of fruits and vegetables for this purpose at certain southern points, and No. 134, directed against the holding of cars at Philadelphia and points in Delaware and eastern Maryland.

*Miscellaneous.*—A number of orders were issued for the purpose of diverting traffic because of local congestion on the lines of various railroads, or floods, washouts, and landslides. These were in effect only for short periods.

#### EMBARGOES

The demands of war upon all modes of transportation, coupled with critical manpower and equipment shortages, have brought back in some numbers the common-carrier embargoes. This is an emergency measure whereby a carrier gives notice that it will refuse to receive or transport certain kinds of freight on its line, or to, from or between certain points. Embargoes usually result from shortage of equipment or operating personnel, or from congestion of tracks, docks, yards, and terminals. They may be local in effect, of short duration, of little consequence, or, as when they apply at principal ports or at vital junction points, they may have Nation-wide repercussions.

During the first World War congestion of rail facilities was widespread, owing in great part to inability to clear export traffic through the ports. At times, thousands of loaded cars rested on hold tracks for weeks, and the movement of many commodities, even under the permit system which came into use, was next to impossible. That no such conditions have developed during the present conflict, despite the greater tonnage moving, is attributable in the main to the close watch kept over all traffic and the drastic and expedient steps taken by both the carriers and the governmental agencies concerned whenever congestion has threatened.

At the present time a blanket embargo is in effect against the movement of export traffic to ports by all carriers, movements of car-loads and truckloads being permitted only under permits issued by the Office of Defense Transportation, and smaller shipments for other than governmental agencies only when steamship booking has been arranged. Of less magnitude but no less important in warding off congestion and assuring maximum utilization of facilities are the numerous embargoes laid by rail carriers against specifically named

receivers of freight for failure promptly to unload and release cars. These embargoes, which constitute the bulk of those issued, are usually of short duration and are quite effective in accomplishing the desired result. By thus isolating minor congestions as they occur, rail carriers prevent the development of major tie-ups which might disrupt service to an entire city or territory.

Ordinarily notices of embargoes are not filed with us by any carriers subject to our jurisdiction. Rail carriers and many water carriers file notices of embargoes with the Car Service Division of the Association of American Railroads, which agency distributes copies among all carriers affected and makes the information contained therein available to the public. This is a practice of long standing. Our Bureau of Service is in close touch with the issuance of embargoes by the Car Service Division and is always consulted with respect to the issuance of the more important ones. The Car Service Division also places embargoes upon the recommendations of the Bureau of Service. That procedure has the benefit of keeping both organizations in close contact and advantage is taken of the Car Service Division's facilities for the issuance and distribution of the embargoes.

By our order effective April 15, 1943, motor carriers were required to file with our Bureau of Motor Carriers copies of all embargoes and to serve copies on shippers and others affected. Our purpose in issuing this order was twofold: First, to make definite the terms of each embargo and assure its wide circulation, and second, to permit us to study the nature, extent, and propriety of the embargoes filed by these carriers, as they are comparative newcomers to regulation and few of them have had occasion to lay embargoes prior to the present emergency.

Since the effective date of the above-mentioned order, approximately 30 motor-carrier embargoes have been filed each month. Shortages of equipment, repair parts, and mechanical personnel are the bugbear of motor carriers, depending as they must on vehicles (short-lived as compared with locomotives and ships) which are strictly rationed and are borne on and powered by rationed products. Many motor carriers have not yet developed their own facilities for rebuilding and repair which are commonplace for rail carriers. They must depend to a great extent on generally overworked outside shops for this service. Orders of the Office of Defense Transportation looking to conservation of tires, fuel, and equipment have resulted in considerable curtailment of service. Some motor carriers have considered it necessary to embargo all but essential war traffic over routes or in areas where these shipments are particularly heavy.

Study of the motor-carrier embargoes filed indicates an understanding by carriers generally of the grave responsibility resting on them to keep open the normal channels of transportation insofar as that is humanly possible. In some instances, however, there has been noticed what appears to be a favoring of the more desirable traffic over that which is less desirable, a putting of the carrier's convenience ahead of the requirements of the public. Such a tendency frequently grows out of a lack of knowledge of the proper function and limitations of an embargo, and steps are being taken to advise the carriers as to their duties in this regard. Corrective measures will be enforced when necessary.

We have the power under the emergency and other provisions of the act to lay, modify, or remove embargoes when conditions warrant. During the present emergency we have not found it necessary to make extensive use of this power. In cooperation with other governmental agencies we have placed several short-duration embargoes on movements of certain fresh fruits and vegetables, and embargoes of comprehensive scope on movements of grain and coal, in all instances permitting receipt of shipments only upon issuance of a permit by the governmental agency concerned or by our agent appointed under the act.

#### SPOTTING SERVICES AT INDUSTRIAL PLANTS

In 1931, we instituted an investigation into practices of carriers affecting operating revenues or expenses under Ex Parte No. 104. Part II of that proceeding relates to terminal services of class I carriers by railroad subject to the Interstate Commerce Act. Our inquiry first extended to various phases of terminal services including the spotting services at industrial plants. No industries were heard. At subsequent hearings industries were invited to be present and advised of the information to be sought at such further hearings. The principal questions to be determined as indicated in the later notices, were as follows:

1. Whether such terminal services, in whole or in part, performed in placing cars at designated locations in positions accessible for loading and unloading, are services which the connecting common carriers, by operation of law, are duty-bound to perform. This question relates to three distinct methods of rendering such services, including: Group A, where the industries perform these services and receive compensation therefor from respondent carriers; group B, where the industries perform the services and themselves bear the expense without compensation from respondent carriers; and group C, where respondent carriers perform the services at the special convenience of the industries.

2. Whether, in circumstances where such services are performed by the industries, any allowances made to the industries by connecting common carriers as compensation for such services, are lawful; also why, in similar circumstances, no allowances are made to other industries for performing such services.

In our report in *Propriety of Operating Practices—Terminal Allowances*, 209 I. C. C. 11, we made certain general findings as follows:

1. When a carrier is prevented from performing an uninterrupted service to the points of loading or unloading within the confines of an industrial plant because of some action or disability of the industry or its plant, the carrier's duty with respect to the delivery or receipt of cars does not extend beyond the point of interruption or interference, and any allowance to the industry for performing the service beyond such points or the performance of service by the carrier beyond such points without proper charge is unlawful in violation of section 6 of the act.

2. At many industries, delivery and receipt of freight is effected by carriers on interchange tracks because of interference or interruption to the work of both the industry and the carrier which would be encountered beyond such tracks. Under such circumstances, delivery or receipt on such tracks constitutes delivery or receipt under the line-haul rates.

3. When the spotting service at an industry requires a service in excess of that required in making simple placement or the equivalent of team-track spotting, such service is in excess of that required of a common carrier under its line-haul rate, and any allowance to the industry for performing such service or the performance thereof by the carrier without charge over and above the line-haul rate is unlawful in violation of section 6 of the act.

4. The payment by respondents of allowances to individual industries for the performance of spotting service at the latter's convenience, or the assignment by respondents of locomotives to perform similar service without charge, dissipates respondents' funds and revenues, is not in conformity with efficient and economical management as contemplated by the Interstate Commerce Act, and is not in the public interest.

Subsequently, we issued supplemental reports in which we considered the lawfulness of the allowance paid by respondents to some 70 industries for performing the spotting service within their respective plants. In practically all of these cases, we found that the payment by the railroads of allowances to the industries was unlawful as they covered service not included within their obligations under the line-haul rates. Many of our orders were subjected to court review and were upheld by the Supreme Court. See *United States v. Pan American Petroleum Corp.*, 304 U. S. 156, and cases therein cited.

After this decision of the Supreme Court, an effort was made to have the railroads canvas the situation at other plants where the industry was either performing the spotting service with its own power and receiving an allowance from the railroads, or where the latter were performing the spotting service under direction of the industry without charge in addition to the line-haul rate, with a view to bringing such practices into conformity with the principles announced by us and approved by the Supreme Court. We have met with no success in this effort. The carriers have failed voluntarily to apply these established principles, with the result that the practice of paying allowances or performing free switching services is not uniform in all parts of the country or even on the lines of single carriers.

The task of enforcing compliance with these understandable principles is of gigantic proportions, but seemingly one that must be met if uniform practice in respect to allowances and switching services and equality of treatment is to be provided for all shippers. We are investigating the situations at a number of plants.

Because of the time that has elapsed since the original hearing, conditions have changed at some of the plants, necessitating further hearings. In view of the reluctance of both the carriers and the industries voluntarily to give us all the facts upon which we can make a proper determination, we have found it necessary to conduct field investigations through our own employees. This is time consuming. In at least one case, where the industry was performing the spotting service with its own power and the allowance received therefor was condemned as unlawful, the industry disposed of its power and requested the respondents to perform the service. This the respondents did, making a charge against the industry for spotting services. We approved the imposition of the spotting charge. The case is now before the Supreme Court for decision. In attacking our order in the lower court, the industry contended that it was unjustly discriminatory and unduly prejudicial to require it to pay a spotting charge when its competitors receive such service from the carriers without charge. We are investigating all such alleged preferred services with a view to determining whether the service performed at such plants by the carriers is in excess of that which the carriers are obligated to perform under their line-haul rates.

## PREVENTION OF ACCIDENTS

### RAIL

Definite responsibility rests upon this Commission for the administration of provisions of law which are expressly designed to promote safety. It is particularly important under the stress of wartime conditions that the fundamental safety requirements established by these laws be fully observed. Safety in transportation is essential to the maximum war effort, and it is only by establishing and maintaining a high degree of safety in operation that cars and locomotives can be fully utilized for transportation purposes and that services of trained railroad employees can continue without being interrupted or prematurely terminated by accident or injury. The intensive use of railroad equipment requires constant vigilance to insure that railroads maintain locomotives and cars in safe and suitable condition for service. The shortage of experienced men in railroad employment and the abnormal turnover in personnel have increased the likelihood of accidents. The need for expansion of railroad facilities has necessitated

material modifications of and additions to existing facilities to prevent accidents, and wartime demands for critical materials have retarded necessary revisions of many installations which do not conform to present traffic needs and to currently prescribed standards of safety. Under the stress of wartime traffic conditions, it is particularly important that the minimum requirements for safety of railroad operation which are prescribed by law and by our orders be fully complied with. Any relaxation in these requirements could only result in impairment of safety of operation, which is essential to the war effort.

The investigation of accidents has resulted in directing attention not only to the specific causes of the accidents investigated, but also to the need for corrective and preventive measures wherever similar conditions exist, and has led to substantial improvements in railroad operation in many locations. Changes in traffic conditions and requirements, which are constantly in progress, frequently require modifications of the facilities which are provided to handle the traffic safely, and accident records assist in determining whether or to what extent the necessary safeguards have been provided.

In numerous instances during the past year, the investigation of accidents has directed attention to the need for the installation of additional devices and systems. Specific recommendations as to corrective and preventive measures were made, as follows:

Number of reports	Recommendations
28	Establishment of an adequate block system.
2	Provision of block system or other additional protection for trains operated against current of traffic.
3	Conversion of power units for use of fuel less inflammable than gasoline.
2	Installation of wayside signals in connection with existing automatic train control system; cab signals to be brought into conformity with prescribed standards.
1	Installation of electric switch locking at hand-operated main track facing-point switches.
1	Provision for adequate protection for movements over drawbridges.
1	Provision for distinctive indications for each route over crossing.
1	Clarification of requirements governing operation within yard limits.

Twenty-eight of the collisions investigated occurred on lines where operation was by the timetable and train-order system. The block-signal system is the best method known for preventing collisions between trains. All modern systems of railroad signalling, including automatic train control and centralized traffic control, are based upon the block system. Nevertheless, as shown by the block-signal statistics as of January 1, 1943, there are more than 50,000 miles of rail-

road in the United States over which passenger trains are operated on which the basic principles of the block system are not in use. While the recommendations for installation of the block system contained in accident investigation reports applied only to those parts of the particular roads on which the accidents occurred, the need for such installations is as great wherever similar operating conditions and practices exist. Installations to meet this need should be provided promptly, without awaiting the occurrence of a disastrous accident to focus attention upon each specific location.

It is essential that installations of the block-signal system be complete and adequate, in order that the intended protection will be provided. In a number of instances in recent years, investigations have disclosed that operating practices were not adequate to provide protection for trains at hand-operated main-track switches in signal territory, and have shown a need for devices which will prevent the operation of such switches when trains on the main track were closely approaching. The number and disastrous consequences of accidents caused by trains entering the main track directly ahead of approaching trains or being improperly diverted from main track to sidings warrants the serious consideration by all carriers of the need of equipping such hand-operated switches with electric locking devices. They are a necessary part of modern signal installations, and older installations should be provided with these additional safeguards as rapidly as possible.

Under any system of operation, adherence to and enforcement of operating rules are essential to safety of operation. New and inexperienced employees must be fully instructed concerning the requirements of the operating rules and their interpretation. There must be constant and careful supervision to correct any laxity in their observance. The exigencies of railroad service are such that all employees responsible for train movement are under constant pressure to avoid train delays with consequent disruption in the orderly flow of traffic. This is accentuated under present conditions. As a consequence, trains are at times kept moving until a major failure occurs. No considerable number of accidents of this character occur on any one railroad, but considering the railroads as a whole, such accidents are not uncommon. Many of these accidents would undoubtedly be avoided if the urge to keep trains moving were not permitted to take precedence over safety.

In the fiscal year ended June 30, 1943, there was an increase of 44.6 percent in the number of accidents in connection with steam and other than steam locomotives, a decrease of 20.6 percent in the number of persons killed, and an increase of 65.6 percent in the number of persons injured as compared with the preceding year.

The condition of locomotives in use at the beginning of the upturn in railroad traffic was as good as ever recorded, which in turn resulted in the highest degree of safety of locomotive operation ever attained. Increasing traffic required the placing in use of a large number of old locomotives which had been in dead storage. These locomotives were repaired and placed in reasonably serviceable condition for the character of service for which they were designed. Lacking many modern features, they were not capable of rendering the performance found necessary under present conditions without unusual precautions being exercised in inspections and the application of repairs to various parts much more frequently than is necessary for modern locomotives. This, and the increasing intensive use of all locomotives, coupled with shortage of manpower and suitable material with which to make prompt and substantial repairs, has resulted in wear taking place faster than it can be restored. Neglect to repair what may appear at the time to be an insignificant defect to an unimportant part may result in accident or injury as well as delay in traffic.

Increase of manpower employed on locomotive maintenance will not of itself be of much assistance in solving the maintenance problem unless a reasonable proportion of this increase is skilled in their various crafts and sufficiently experienced to be able to exercise good judgment. There is a practical limit to which skilled labor can be diluted if benefit from the efforts exerted is to be obtained.

Power units using gasoline for fuel were involved in three of the accidents investigated during the year. The dangers resulting from the use of equipment of this type and the disastrous consequences of accidents in which it is involved have been pointed out in a number of instances during the past several years. Power units of this type which are still in service should be promptly converted to the use of fuel less inflammable than gasoline.

The number of train accidents reported by steam railways has continued to increase faster than the locomotive-miles or car-miles. For statistical reporting purposes, a train accident is any accident to moving cars or locomotives that causes damage to railway property of more than \$150. Such accidents may occur in road movement or in yard switching. For the first 6 months of 1943, the number of train accidents was 8,209, or 9.20 for each million locomotive-miles (including motor train miles), and 0.409 for each million car-miles. This was 31.72 percent over the comparable number for the first 6 months of 1942, when the rate per million locomotive-miles was 7.63 and per million car-miles 0.341.

Train accidents ascribed to defects in or failure of equipment increased 39.15 percent the first 6 months of 1943, compared with the corresponding months of 1942. Those ascribed to defects in or im-

proper maintenance of way and structures increased 46.66 percent, and those reported as due to "Negligence of Employees" increased 29.51 percent. The increase for the unclassified remainder was 15.28 percent. Thus, train accidents classified by the railway reporting officers as due to mechanical defects increased in percentage more rapidly than those classified by them as due to "Negligence of Employees." This is the reverse of the showing 1 year earlier, in the comparison of the records for the first 6 months of 1942 and 1941.

Many of the reportable train accidents do not involve casualties to persons, and many personal injuries occur in train operation without much, if any, damage to railroad property. For all railway accidents taken together, the number of persons killed in the first 6 months of 1943 was 2,349, a decrease of 3.37 percent from the first 6 months of 1942. The number injured was 28,857, an increase of 37.99 percent over the first 6 months of 1942. The following table analyzes the casualties of the first 6 months of 1943 and 1942 by classes of persons:

Class of person	Six months, January-June, inclusive					
	Number of persons killed			Number of persons injured		
	1943	1942	Percent of increase	1943	1942	Percent of increase
Trespassers .....	828	896	1 7.59	704	729	1 3.43
Employees on duty .....	491	422	16.35	21,835	15,093	44.67
Passengers on trains .....	41	35	17.14	2,429	1,388	75.00
Travelers not on trains .....	8	8		567	370	53.24
Others, being chiefly persons at grade crossings .....	981	1,070	1 8.32	3,322	3,333	1 0.33
All classes .....	2,349	2,431	1 3.37	28,857	20,913	37.99

<sup>1</sup> Decrease.

In connection with the large increase in passenger casualties it should be noted that there was also a large increase in passenger travel. According to the reports of class I railways, the number of passengers carried was 43.6 percent greater and the number of passenger-miles 92.9 percent greater in the first half of 1943 than in the first half of 1942, the difference between the two percentages being explained by the increase in the length of the average journey. In contrast with the increase in passenger-miles of 92.9 percent, casualties to passengers on trains, both killed and injured, increased but 73.6 percent. For employees, however, the increase in casualties was relatively much greater than the increase in man-hours worked, which was only 14.91 percent.

#### MOTOR

The need for continued use of all available trucks and busses because of war conditions has increased the importance of our work

designed to reduce accidents involving such vehicles. At the same time the possibility of such accidents has increased because of the wearing out of vehicles, the shortage of repair parts, and the loss of experienced drivers and mechanics. Early in the year, we instructed our field staff to impress upon motor carriers the importance of properly inspecting and maintaining their vehicles and avoiding the use of drivers beyond their ability to drive safely. The cooperation of the armed services in fostering safe driving practices has been obtained. This has been particularly important in connection with the transportation of explosives. Individual instructions are given to drivers by the military authorities concerning the nature of explosives and the proper method of handling and the action to be taken in case of mishap. Joint conferences with the Army, the Navy, and State police departments resulted in the establishment of arrangements for police escort of convoys of motor vehicles transporting explosives throughout a large part of the eastern section of the country. Although our staff is not sufficient to investigate all accidents, we do investigate the more serious ones, particularly those involving multiple fatalities. The results of such investigations, which frequently include reports from the National Bureau of Standards on the reason for failure of mechanical parts, have improved the methods of inspection to detect mechanical defects and maintenance practices which prevent accidents.

The shortage of drivers, together with the reduction in speeds to the 35-mile limit, has caused a tendency on the part of motor carriers to employ drivers for periods exceeding those specified in our regulations and beyond the limit of safety. During the year, 85 cases involving violations of our motor-carrier safety regulations were the subject of prosecution. Most of these involved excessive hours of driving by employees of carriers having bad accident records.

Despite the factors which make observance of safe driving practices more difficult and the increased traffic caused by the war effort, the number of accidents involving interstate motor vehicles and the number of deaths resulting from such accidents have decreased during the year. As compared with 12,381 accidents resulting in 1,231 deaths in the previous year, there were 8,925 accidents and 994 deaths reported during the current year by motor carriers subject to our jurisdiction.

During the year, we made public a report containing an analysis of accidents involving fires, and a report analyzing accidents involving mechanical defects, each of which included specific recommendations as to methods of prevention of such accidents.

#### RAILWAY LABOR ACT

In our last report we referred briefly to the provisions of the Railway Labor Act, the Railroad Retirement Act, The Carriers Taxing

Act, and the Railroad Unemployment Insurance Act, which authorize us, under certain conditions, to determine whether any line operated by electric power falls within the terms of the provisions of the statutes exempting street, interurban or suburban electric railways, and to the provisions of the Railway Labor Act authorizing us to amend and interpret our orders defining the work of employees and subordinate officials of common carriers by railroad. During the current year, division 3 determined the status of the Subway Division, Rochester Transit Corporation, Rochester, N. Y., and the Philadelphia & Western Railway Company, 255 I. C. C. 508 and 521. The entire Commission on September 6, 1943, denied review of the decision of division 3 in the Rochester Transit Corporation case. Also during the year, division 3, in *Yardmasters—Railway Labor Act*, 255 I. C. C. 191, interpreted our existing orders defining the work of employees or subordinate officials of common carriers by railroad to include the work of the general and assistant general yardmasters at certain designated terminals of the Missouri Pacific Railroad Company and amended our existing orders defining work as that of employees or subordinate officials to include the work of persons driving the motor coaches of the Los Angeles Motor Coach Lines in Los Angeles, Calif., and contiguous territory.

In *Nevada N. Ry. Co. Employees—Railway Labor Act*, 246 I. C. C. 757, division 3 found that we do not have jurisdiction to determine who is the employer, within the meaning of the Railway Labor Act, of certain employees, enginemen, firemen, conductors, and brakemen, engaged solely in handling over the tracks of the Nevada Northern Railway Company, between Ruth and McGill, Nev., trains engaged in transporting ore for the Nevada Consolidated Copper Corporation. Upon petition of the Brotherhood of Locomotive Engineers, Brotherhood of Locomotive Firemen and Enginemen, and Switchmen's Union of North America, the proceeding was reopened for reargument. On reargument we found, in 255 I. C. C. 419, that there was no controversy concerning the work performed by the persons engaged in handling these ore trains, and hence no need for interpretation or amendment of our existing orders defining work of employees or subordinate officials of railroads, and the petition was dismissed. Our decision on reargument is now the subject of litigation brought by the Brotherhood of Locomotive Engineers, et cetera, in the District Court of the United States for the District of Columbia. This case has not yet been tried in that court.

In our last annual report, we referred to a decision of the Circuit Court of Appeals for the Tenth Circuit in *Utah Copper Co. v. Railroad Retirement Board*, 129 Fed. (2d) 358. Efforts to secure a review of that decision in the Supreme Court were unsuccessful, as

petition for writ of certiorari was denied December 7, 1942, 317 U. S. 687.

#### STANDARD TIME ZONE INVESTIGATION

No change in the standard time-zone boundaries, prescribed by us under the Act of March 19, 1918, as amended, has been made since our last annual report. Outstanding exceptions governing operations of the Seaboard Air Line Railway, authorized in 246 I. C. C. 721, were modified February 5, 1943, 255 I. C. C. 129, upon petition of its receivers, so as to eliminate authority for the use of eastern time on the branch line to Pell City, Ala., and on the line between Birmingham and Bessemer, Ala.

In the past year in States along the western boundaries of the zones, there has been considerable agitation against the advanced time standards resulting from the Act of January 20, 1942, 56 Stat. L. 9. Some States have adopted for State purposes a standard of time 1 hour slower than the war time applicable in the zone in which they are located. Some cities and areas have refused to observe the newly adopted State standard, particularly during the summer months. This has caused considerable confusion, and appears to have neutralized to some extent the intent of Congress in advancing time standards throughout the nation. As we have pointed out in successive annual reports, such action is made possible by reason of the fact that the Standard Time Act, as construed by the Supreme Court of the United States, does not occupy the entire field permissible to Congress, and even within the field occupied makes no provision for enforcement of the prescribed standards.

#### WORK OF THE LEGISLATIVE COMMITTEE

During the period covered by this report and since the opening of the first session of the Seventy-eighth Congress, 48 reports on bills or resolutions were submitted on behalf of our Legislative Committee or of the Commission. These reports were directed to the chairman of the Senate or House committee from which came the request for the report, and contained criticisms, suggestions, and recommendations in regard to the bill or resolution in question. Among the most important bills on which we have reported are the following: S. 874, "To require competitive bidding in connection with the sale of certain railroad securities," April 16, 1943; S. 931, "To amend section 20 of the Interstate Commerce Act, as amended," May 14, 1943; S. 1030 and H. R. 2547, "To amend the Interstate Commerce Act so as to provide for the establishment of scales of rates, according to zones, for the transportation of property by common carriers by railroads," June 1, 1943; S. 947, "To provide for the establishment of uniform freight

rates, and for other purposes," June 14, 1943; H. R. 2857, "To amend section 77 of the Act of July 1, 1898, entitled 'An Act to establish a uniform system of bankruptcy throughout the United States', as amended," July 15, 1943. The committee also made a number of reports to the Bureau of the Budget with respect to enrolled enactments of Congress, communications from various departments of the Government to that Bureau concerning proposed legislation having to do directly or indirectly with the jurisdiction of this Commission, and certain proposed executive orders in which questions affecting transportation were involved.

#### ADMISSIONS TO PRACTICE

During the year covered by this report, the steady decline in the number of admissions since the peak in 1938, shown in the figures previously reported, has continued. During the year ended October 15, 1943, 382 applicants were admitted to practice, less than half the number admitted during the preceding reporting year, and a little more than one-fourth the number of admissions in 1938.

Of the 382 persons admitted during the year, 325, or 85.1 percent, were attorneys at law, and 57, or 14.9 percent, were not attorneys and were admitted after examination as to qualifications. Since the establishment of the register of practitioners, September 1, 1929, the number of admissions to practice has totaled 14,960, of whom 10,670, or 71.3 percent, were members of the bar and 4,290, or 28.7 percent, were not lawyers at the time they were admitted.

Since 1938, we have held three examinations a year as to the qualifications of nonlawyer applicants for admission to practice. Hereafter we shall conduct such regular examinations twice a year.

#### BUREAU OF ACCOUNTS

There has been a sharp reduction in the personnel of this bureau during the year because of the transfer of a considerable number of accountants to other agencies of the Government where their services were urgently needed in connection with war activities. This reduction necessitated a reorganization of the work of the Bureau, which is now limited to matters of the most immediate importance.

During the year, we published a revised and simplified edition of accounting rules for steam railroads, Uniform System of Accounts for Steam Railroads, Issue of 1943. This replaces three separate classifications under individual orders governing (1) investment in road and equipment, (2) operating revenues and expenses, and (3) income, profit and loss, and general balance sheet accounts. These printed classifications had not been formally published since July 1, 1914, and there have been many important modifications in the

meantime. Other important regulations issued during the year are as follows:

Regulations to govern the destruction of records for water carriers, pipe lines, and freight forwarders.

Condensed classification of operating expenses of class II and class III steam railroads.

Revised classification of accounts for pipe lines.

Classification of accounts for freight forwarders.

In the period covered by this report, the Bureau completed 341 general and special investigations of the accounts and records of transportation agencies subject to our jurisdiction, and 30 investigations are in progress. Sixty-seven orders were issued, 17 pertaining to accounts of steam railroads, and 50 relating to depreciation accounts of certain railroads, pipe lines and water carriers.

#### BUREAU OF FINANCE

*Certificates of convenience and necessity, acquisition of control, etc.*—During the year ended October 31, 1943, 116 applications were filed for permission to abandon about 1,398 miles of railroad, 20 miles of operations under trackage rights, and 91 miles of ferry operations. The proceedings in which we rendered decisions involved the proposed abandonment of about 2,021 miles of railroad, and the trackage right and ferry operations mentioned. In 94 of those proceedings, involving 1,073 miles of railroad, a few miles of trackage operations, and 90 miles of ferry operations, no protests or objections were filed by shippers or public authorities. Protests were filed, and hearings held, in 66 cases, involving 948 miles of track, 17 miles of trackage right operations and 1 mile of ferry operations. Of the applications protested we denied, in whole or in part, those involving 349 miles, and authorized the abandonment of the remaining 599 miles of line, and the trackage right and ferry operations. We granted, in whole or in part, 146 applications, involving 1,434 miles of branch lines of class I carriers, and the trackage rights and ferry operations, and 238 miles of so-called short lines. Of the short-line mileage, 112 constituted the entire lines of the applicants and 126 were portions of such lines. In proceedings in which certificates were issued, covering 1,098 miles of road, the estimates of average annual losses from continued operation or of future annual savings resulting from abandonment amounted to \$650,680. In proceedings covering the remaining mileage, estimates of losses or savings were not given. Mileage and losses in abandonments of lines on which no service has been rendered in recent years because of the absence of traffic, have not been included.

It has been shown in certain cases that the necessary cost of rehabilitation or of bringing up deferred maintenance of tracks which

were permitted to be abandoned, aggregating about 346 miles, would require an expenditure estimated at \$1,908,758. Since this amount would necessarily be expended in order to continue operation, abandonment would result in a saving which to that extent can, with reasonable accuracy, be estimated in advance.

Corresponding data are given in our reports beginning with the report for 1934.

Owing to the present national demand for metals and rails which can be salvaged from abandoned railroads, carriers have been making surveys of their branch-line operations for the purpose of determining whether they are warranted in requesting permission to abandon any of them.

Under our cooperative plan with the War Department and the War Production Board, we notify them of applications for permission to abandon as these are filed and advise them of the status thereof. The War Department, in each case, notifies us whether it considers the line involved of military value.

In appendix D, we have listed the certificates issued, authorizations granted, and pertinent data with respect to proceedings involving the abandonment, construction, and acquisition and operation of lines of railroads under section 1 (18) of the Interstate Commerce Act; and consolidation and mergers of carriers, purchases, leases, and contracts to operate properties of carriers by other carriers, acquisition of control through ownership of stock, or otherwise, of carriers by other carriers, or by persons not carriers, acquisition by carriers of trackage rights over, or joint ownership or use of, railroad lines and terminals of other carriers, under section 5 (2) of the act.

*Railway employees.*—In all proceedings initiated by railroads under section 5 (2) of the act, it is necessary for us to provide protection for any employees adversely affected. In cases in which it has not been possible to determine at the time of our decision what the effect upon employees might be, we have specifically reserved jurisdiction to make additional findings and impose such terms and conditions as to employment as may be required by law, if upon petition by the employees or their representatives it is made to appear that their employment or interests will be adversely affected by anything subsequently done pursuant to, or as a result of, the authorizations granted.

Pursuant to the foregoing provisions, in the past year we found it necessary to provide a plan for the protection of employees in one case, namely, Chicago & North Western Railway Company Trustees et al. Abandonment, etc., Finance Docket No. 14070, decided August 17, 1943. Under the coordination of facilities therein authorized, the trustee of the Chicago & North Western will abandon about 87 miles of railroad in the State of Wyoming, and upon construction of the

necessary connecting tracks will operate, under trackage rights, over a similar mileage of track owned by the Chicago, Burlington & Quincy Railroad Company, resulting in substantial savings to both carriers.

The plan provided for the protection of the employees is similar to the one provided in *Chicago, M., St. P. & P. R. Co. Trustees Construction*, 252 I. C. C. 49 and 287, and also includes provisions for reimbursement of expenses, and losses of wages, incurred by transferred employees moving to other points of employment.

The United States Supreme Court, in *Interstate Commerce Commission v. Railway Labor Executives' Assn.*, 315 U. S. 373, decided March 2, 1942, held that we have authority to impose conditions for the protection of employees displaced by railroad abandonments, but indicated that whether such conditions should be attached and, if so, their nature and extent are matters for us to determine in the light of the evidence. In proceedings involving abandonment of portions of railroad systems, where it appears that employees might be affected, and timely requests are made for their protection, we reserve jurisdiction to consider the question whether conditions should be imposed for the protection of employees adversely affected by anything done pursuant to the permission to abandon granted. In one case, it was possible for us to prescribe conditions for the protection of employees at the time we issued the certificate permitting abandonment. In July 1942, a flood damaged and destroyed various portions of lines owned by the Buffalo & Susquehanna Railroad Corporation, operated by the Baltimore & Ohio Railroad Company as part of its system. The Baltimore & Ohio immediately rearranged its train service, and thereafter an application was filed for permission to abandon the lines affected by the flood. Consequently, at the hearing held in December 1942, evidence was available and was submitted showing generally the effects of the abandonment upon the employees on dates about 6 months after the lines, for practical purposes, had been abandoned. We prescribed conditions affording protection to each employee for a period of 36 months after the date of the flood, but not longer than the period during which he was employed by the Baltimore & Ohio prior thereto. Such protection extended to the compensation of the employee and to benefits attached to his previous employment, such as free transportation, pensions, et cetera. We stated that the conditions prescribed should not preclude an agreement between the Baltimore & Ohio and the employees fixing the protection to be afforded. See *Buffalo & S. R. Corp. Abandonment*, 254 I. C. C. 303, decided May 21, 1943.

In cases involving the abandonment of the entire line, or system, of railroad companies, we have declined to impose conditions for the protection of employees.

*Issuance of securities and assumption of obligation.*—During the year ended October 31, 1943, we authorized, under the provisions of section 20a of the act, the issuance of securities for refunding maturing obligations, for substitution of other unmatured securities bearing a higher rate of interest, for new money to be used for various corporate purposes, and for the purpose of effecting reorganizations of properties emerging from equity receivership.

The assumption of obligation and liability in respect to the securities of others, consisting largely of equipment-trust certificates and the securities of subsidiaries, has been authorized. Several hearings have been held in respect to the various issues and assumptions and railroad adjustments have been effected involving extension of maturities and modification of interest rates pursuant to the provisions of chapter XV of the Bankruptcy Act as amended. The amount of securities involved and the purposes to which applied will be found in appendix D.

*Interlocking directorates.*—During the period covered by this report, we received 160 applications from individuals. Disposition was made of 160 applications, of which 155 were granted, and 5 were withdrawn.

#### PROGRESS OF RAILROAD REORGANIZATIONS

*Railroads in bankruptcy.*—Four additional proceedings for reorganization of railroads under section 77 of the Bankruptcy Act were instituted during the period included in this report. One of these was terminated when the district judge denied the petition under the Bankruptcy Act and retained jurisdiction of the railroad in receivership proceedings. Four other reorganization cases were finally concluded, in three of which trustees were discharged and in one of which dismissal resulted from liquidation of the debtor's property and affairs.

A list of all railroad reorganization proceedings before us is shown in appendix D.

District courts during the period confirmed three final plans which we had previously approved and security holders had accepted. In an additional proceeding the court has not yet finally confirmed the plan approved by us and accepted by security holders. In one proceeding we have pending a petition for approval of the consolidation of two railroads pursuant to a confirmed plan.

Proposed reports by examiners recommending plans of reorganization for 2 railroads were submitted. We issued a final report approving a plan for 1 of those companies and supplemental reports approving plans in the cases of 3 other railroads. During the period of this report we have disposed of a large number of petitions

and motions pertaining to features of reorganizations other than formulating plans. These have embraced ratifications of trustees and successor trustees, authorization of protective committees, the fixing of maximum limits of compensation of debtors' trustees, trustees' counsel, reorganization managers and their counsel, and other parties, and of reimbursement of expenses incurred in the various proceedings, and approval pursuant to confirmed plans, of the acquisition and operation of properties, the issuance of securities, and the assumption of obligations and liabilities by reorganized companies. Public hearings were held in 8 different proceedings, some of which required consideration of numerous individual petitions. Proceedings in reorganizations and receiverships required that we enter 33 orders of a general administrative character.

At the end of the period covered by our last report, there were pending in the courts, either awaiting approval of the district courts or awaiting action on appeals, plans of reorganization in 11 proceedings. Of these plans 6 had been approved by the district courts.

During the year, the Supreme Court decided the issues before it with respect to two of the plans of reorganization. In the case of the Western Pacific Railroad Company, the circuit court of appeals had held that the plan should be returned to us for findings as to the value of the entire property, of the respective portions of it covered by the various mortgages, of each of the claims and of the new securities allocated to the creditors in the reorganization, in accordance with the decision of the Supreme Court in *Consolidated Rock Products v. DuBois*, 312 U. S. 510. The Supreme Court reversed the judgment of the circuit court and affirmed that of the district court approving the plan.<sup>10</sup> Petition for rehearing was denied. Pursuant to the provisions of the act, the plan then was submitted to the creditors for acceptance or rejection, and the results of the voting certified by us to the district court. The plan was accepted by the holders of the requisite percentage of the amounts of the allowed claims voting in each class.

The issues raised by the appeals in the Chicago, Milwaukee, St. Paul & Pacific Railroad Company reorganization proceeding before the Supreme Court were generally similar to those in the Western Pacific case, but there were involved, also, two new issues. These resulted from the omission of a previous determination in the proceedings of the mortgage having a lien upon certain small sections of railroad widely distributed over the system, and our failure to state in our report on the plan that we had considered the question of the adequacy of the compensation received by senior bondholders for the rights surrendered by them in accepting the new securities allotted to them.

<sup>10</sup> *Institutional Bondholders Com. v. Western Pac. R. R. Corp.*, 318 U. S. 448.

The district court had approved this plan, and the circuit court of appeals had reversed the judgment of the district court. The Supreme Court affirmed the judgment of the circuit court of appeals with respect to the two issues referred to above, and reversed that judgment in all other respects.<sup>11</sup> The district court now has determined the mortgage having a lien on the isolated pieces of line, and the plan has been returned to us for reconsideration of the two matters. A hearing has been held and the case is under consideration by us.

Following its decisions in the two cases referred to above, the Supreme Court denied the petitions for certiorari filed with it in proceedings for reorganization of the Chicago & North Western Railroad Company, and the Akron, Canton and Youngstown Railway Company. In both cases, petitions for rehearing were denied by the court. The plans in both cases previously had been submitted to the security holders for acceptance or rejection, and confirmed by the district courts, so that they now are ready for consummation.

The results of the decisions of the Supreme Court in these four cases have been twofold. Numerous plans of reorganization for major railroads had been pending for many months in the district courts, and appeals were pending in some of the circuit courts of appeals from decisions of the district courts.<sup>12</sup> During the period in which these proceedings and those before the Supreme Court had been pending, the railroads in general, and those involved in the reorganization proceedings referred to, had experienced remarkable increases in traffic largely as a result of the increased industrial activity and the movements of men, materials, and supplies resulting from the war. The earnings by some of the railroads in 1942 undergoing reorganization were so high that they would have permitted the payment of substantial dividends upon the issues of stock outstanding when the roads filed their petitions in bankruptcy. Since the railroads in bankruptcy were not as a rule making interest payments and in no case were paying dividends, they had accumulated large sums of cash. As a result, many groups of junior creditors and stockholders had petitioned the courts to return the plans to us for reconsideration in the light of the changed conditions and for modification so as to utilize the accumulated cash to their benefit. The result of the Supreme Court decision in the Milwaukee case was the return to us by the district courts of plans of reorganization which we had approved for the Chicago, Rock Island and Pacific Railway Company, and the Missouri Pacific Railroad Company.

<sup>11</sup> *Group Inst'l Investors v. C., M., St. P. & P. R. R. Co.*, 318 U. S. 523.

<sup>12</sup> The dates upon which the pending plans for four of the major systems were certified to the courts are as follows: St. Louis-San Francisco Ry. Co., December 3, 1940; St. Louis Southwestern Ry. Co., March 27, 1942; Missouri Pacific R. Co., April 24, 1940; and Chicago, Rock Island & Pacific R. Co., August 16, 1941.

The reasons for the return of the Rock Island plan to us, as specified by the court, largely involved the questions of the adequacy of the compensation of the senior bondholders, the necessity of bringing the plan to a later date and disposition of the accumulations of cash as a result of the recent increase in earnings, and adjustments growing out of these situations. The court also raised the question as to whether the appointment of reorganization managers should not be subject to its ratification.

The Missouri Pacific Railroad Company plan was referred back to us upon proceedings for confirmation by the district court for substantially similar reasons as the Rock Island plan. Hearings have been held in both of these proceedings since the plans were returned to us, and the questions raised are under consideration.

As a result of the unusually high earnings of the railroads in recent years there has been severe criticism of our plans because of what has been termed the drastic reductions in capitalization. Most, if not all, of this criticism has come from the junior creditor and stockholder interests which would be benefited by increases in the amount of securities which may be issued. Strenuous efforts have been made, both before us and before the courts, to obtain our reconsideration of the plan for the Chicago & North Western Railway Company on the ground that it was required by the change in conditions since approval of the plan. The Supreme Court, in its decision in the Milwaukee case, held that the junior interests had not sustained the burden of showing the necessity for such review. Unsuccessful in obtaining reconsideration and modification under the procedure provided in section 77 of the Bankruptcy Act, the stockholders filed a complaint seeking equitable relief in a suit in the district court under the provisions of the Urgent Deficiencies Act, asking among other things that we be required to vacate our order of approval of the plan, and reopen and reconsider the proceedings. By decree dated September 30, 1943, of a three-judge court constituted under the provisions of the Urgent Deficiencies Act, the complaint was dismissed.

The decision of the Supreme Court in the Western Pacific case left to us the determination of value of the properties of a railroad in reorganization, i. e., the determination of the total capitalization, without the necessity of reexamination *de novo* by the court. After the usual court review our determination will not be modified when such determination is reached with material evidence to support the conclusion in accordance with legal standards and found to be in the public interest. A bill (H. R. 2857) sponsored by Congressman Hobbs of Alabama, introduced in the House of Representatives in June of this year, would require that the capitalization of a company reorganized under section 77 should not be less than the capitalization

of the debtor on the date of the filing of its bankruptcy petition, adjusted to reflect the issue or retirement of securities during the proceedings, but should not be more than the debtor's actual investment in property or our valuation under section 19a of the Interstate Commerce Act, plus the expenditures for additions and betterments, less retirements since the date of such valuation, whichever is lower. This bill also would require the judge of the district court having jurisdiction of the reorganization proceedings to make an independent review of the plan approved by us and the evidence presented to the court, and determine that the value of the debtor's property made by us in any case is supported by substantial evidence, adequately reflects the true value of the property, and does not omit consideration of any relevant facts.

Hearings on the bill were held by the Special Subcommittee on Bankruptcy and Reorganization of the Committee on the Judiciary of the House of Representatives. Most of the criticism of the plans approved by us, voiced by witnesses who testified, was directed at what was asserted to be the determination of value and capitalization on forecasts of future earnings. The evidence presented for our consideration in all reorganization cases has included among other things statements of past earnings, and such estimates of future earnings, or of the earnings in a normal year, as could be obtained. The Supreme Court in the Milwaukee case decided that valuation for the purposes of reorganization of railroads should be based primarily upon earnings. The theory underlying the proposed amendments, as expressed by the witnesses who testified, is that earnings may fluctuate beyond all possibility of accurate forecast. They urged that the real factor determining the earning power of the railroads is the size of the plant available for service, and that the investment in that plant and the cost of its reproduction should be given controlling weight. Criticism also was directed at our refusal to recognize the interests of the stockholders generally through the issue of warrants.

Our legislative committee transmitted to the Subcommittee a letter setting forth our views with respect to this bill and opposing, for stated reasons, its adoption.

In connection with our administration of the provisions of section 77 requiring us to fix the maximum limits of allowances of compensation and of reimbursement for expenses of parties to the proceedings, for services in connection with the proceedings and plans, a question has been raised as to our jurisdiction to fix limits for such allowances for services of indenture trustees, for their counsel fees and for expenses, undertaken in performance of the trustees' fiduciary duties, for the benefit of the trust estate, as distinguished from the debtor's

estates. Although the issue was raised in several proceedings, the litigation proceeded to a determination most rapidly in the reorganization of the St. Louis-San Francisco Railway Company. In that case, the district court denied our jurisdiction and upon appeal the circuit court of appeals affirmed the judgment.<sup>13</sup> Certiorari was granted by the Supreme Court, which by decision of February 8, 1943, reversed the judgment and remanded the case to the district court.<sup>14</sup> The court held among other things that the term "debtor's estate" embraced cash deposited with the indenture trustee and that the service and expenses in question, none of which were routine administrative services, were within the scope of the term "in connection with the proceedings and plan" as used in the act, and upheld our jurisdiction to fix a maximum for them provided that our findings are supported by evidence. The decision left the court free to decide upon the basis of our reports all questions of law, but pointed out that with respect to the maximum limits fixed the only question of law which could arise is whether there is substantial evidence to support our findings.

*Provision for modification of existing mortgages.*—In the plans we have approved recently, we have incorporated a provision known generally as an "escape clause". Its purpose is to establish a method for the postponement of the payment of fixed interest or unpaid accumulations of contingent interest or the principal of any or all series of bonds whether bearing fixed or contingent interest, payable under the terms of a mortgage. Modifications of the securities are to be effected by the concurrent action of the reorganized company and the holders of not less than 75 percent in principal amount of all bonds at the time outstanding under the mortgage, subject to our approval or the approval of any regulatory body having jurisdiction in the premises. Such a provision is included in our recent report approving a plan for the Chicago, Indianapolis & Louisville Railway Company Reorganization, decided September 20, 1943.

This provision appears to be advantageous because of the possibilities which it presents for avoidance of judicial reorganization proceedings. Its inclusion tends somewhat to lessen the necessity for the strict limitations in the debt and interest charges of companies undergoing reorganization which otherwise are necessary in view of the wide fluctuation in railroad earnings experienced in the past and which may be expected in the future. In view of these advantages, we are giving consideration to a possible recommendation that the Congress adopt legislation which would provide for the application of such a provision to all railroad mortgages under which bonds are already outstanding, whether or not reorganization proceedings have been instituted.

<sup>13</sup> *Reconstruction Finance Corporation v. Bankers Trust Co.*, 129 Fed. (2d) 122.

<sup>14</sup> *Reconstruction Finance Corporation v. Bankers Trust Co., Trustee*, 318 U. S. 163.

*Voluntary reorganizations.*—A general summary of chapter XV of the Bankruptcy Act, as revised and amended, was contained in our fifty-sixth annual report. We pointed out that the amended act extended its benefits to any corporation which is liable or obligated, contingently or otherwise, on securities issued, or on which obligation and liability has been assumed, by a carrier corporation petitioning under its provisions.

On January 18, 1943, The Delaware and Hudson Railroad Corporation and The Delaware and Hudson Company filed a joint application under the provisions of the amended act, requesting authority to modify the provisions of not exceeding \$45,223,100 of the railroad company's first and refunding mortgage 4-percent bonds, of which \$42,992,100 will be outstanding in the hands of the public and \$2,231,000 will be held by the applicants pursuant to a plan of adjustment dated December 15, 1942. The plan provided primarily for an extension of the maturity date to 1963 of the above-stated principal amount of the bonds, which otherwise would have matured on May 1, 1943, and for the creation of a sinking fund pursuant to the terms of which no dividends would be paid on capital stock until the outstanding funded debt is reduced to a principal amount of \$25,000,000. There were \$47,769,000 of such bonds outstanding and \$2,231,000 in applicants' treasuries. A hearing was held and the authority requested was granted on March 24, 1943, in *Delaware & H. R. Corp. Debt Adjustment*, 254 I. C. C. 239. An order approving the readjustment was entered by the district court on August 4, 1943.

The Midland Valley Railroad Company, on January 20, 1943, applied for authority to extend the dates of maturity of its outstanding first-mortgage bonds and its outstanding adjustment-mortgage bonds, series A and B; to reduce the rates of interest thereon and to modify in certain other respects, the terms of the bonds and the indentures securing them, pursuant to a plan of adjustment dated January 11, 1943, under this act. A hearing was held and the requested authority granted by us on March 24, 1943, in *Midland Valley R. Co. Debt Adjustment*, 254 I. C. C. 271.

Under the approved plan, the maturity date of April 1, 1943, of the first-mortgage bonds would be extended to April 1, 1963, and the annual rate of interest from April 1, 1943 would be reduced from 5 percent to 4 percent, with provisions, however, for sinking-fund payments, and the pledge of additional securities under the mortgage. The maturity date of the adjustment-mortgage bonds would be extended from April 1, 1953, to April 1, 1963. The maximum interest contingently payable on these bonds would be reduced from 5 percent to 4 percent, subject to certain cumulative features. A decree ap-

proving the readjustment was ordered entered by the district court on July 19, 1943.

The Colorado and Southern Railway Company, on March 20, 1942, had filed with us an application for authority under section 20a of the Interstate Commerce Act to reduce the rate of interest and otherwise to modify the provisions of \$24,918,000 of its general-mortgage bonds, series A, pursuant to a proposed plan of adjustment dated June 30, 1942, and to issue certificates of deposit as proposed in the plan. The applicant also filed a supplemental application under the same section to modify its refunding and extension mortgage pursuant to the proposed plan; and supplemental applications have been filed under the same section by the Fort Worth & Denver Northern Railroad Company for authority to modify its note, held by the applicant, and a supplemental application by the Galveston Terminal for authority to modify its first-mortgage gold bonds all pursuant to the proposed plan. The authority requested was granted by us in each case. *Colorado & So. Ry. Co. Securities*, 254 I. C. C. 47; and Colorado & Southern Railway Company Bonds, Fort Worth & Denver Northern Railway Company Notes, and Galveston Terminal Railway Company Bonds, all decided August 31, 1942.

The principal modifications provided for in the arrangement approved consist in extension of the maturity dates of certain of the bonds, notes and contracts and reduction in the interest rate payable during a specified interest reduction period on the bonds. Pursuant to the provisions of the amended chapter XV making it applicable to a railroad corporation which has obtained the requisite authority under section 20a of the Interstate Commerce Act prior to the effective date of chapter XV, the district court approved the plan of adjustment on March 9, 1943.

#### BUREAU OF FORMAL CASES

The formal complaints filed numbered 155, of which 137 were original complaints and 18 subnumbers, a decrease of 33 as compared with the previous period. We decided 233 cases, and 99 have been dismissed by stipulation or on complainants' request, making a total of 332 cases disposed of, as compared with 410 during the previous period.

Approximately 60 formal and investigation and suspension cases have been reopened for further hearing and reconsideration.

We conducted 484 hearings and took approximately 81,114 pages of testimony, as compared with 637 hearings and 85,586 pages of testimony during the preceding period.

The following statement shows certain facts with respect to the condition of this docket as of October 31 of the years indicated:

	1940	1941	1942	1943
Formal complaints filed	216	160	167	137
Subnumbers	10	20	21	18
Investigation and suspension cases instituted	108	230	93	103
Cases under submission at end of period:				
Regular docket	78	112	72	84
Shortened procedure	14	21	15	13
Cases disposed of including subnumbers and reopened cases	594	458	455	1363
Number of pending cases	471	523	372	393

<sup>1</sup> Does not include the following cases disposed of by formal reports: 45 fourth-section applications; 20 ex parte proceedings; 5 proceedings under the provisions of the Railway Labor Act; 59 applications of water carriers for exemption from the provisions of part III of the Interstate Commerce Act and for authority to operate as water carriers; and 3 applications of freight forwarders for authority to engage in service under provisions of part IV of the act. Likewise, cases arising under part II are not included. All excluded proceedings are dealt with in other parts of the report.

#### SHORTENED PROCEDURE

Approximately 27 percent of the total number of formal complaints arising under parts I, III, and IV of the act are now handled by the shortened procedure method as compared with 34, 41, and 27 percent during the 3 preceding years. In cases so handled and decided during this year the average elapsed time to reach a decision was 359 days from the receipt of complaint and 221 days from receipt of the final memorandum. The corresponding periods during the 3 preceding years were 359 and 220 days, 337 and 193 days, and 333 and 194 days, respectively.

#### BUREAU OF INFORMAL CASES

The number of informal complaints under parts I, III and IV of the act received was 613, an increase of 60. The carriers filed 1,895 special docket applications for authority to refund amounts collected under the published tariffs and admitted by them to have been unreasonable, a decrease of 238. Orders authorizing refunds were entered in 1,699 cases, a decrease of 421, and reparation thereunder was awarded in the sum of \$585,872.54. In addition, 346 cases were dismissed or disposed of without orders. The Bureau also handled approximately 4,600 letters, many of which had the characteristics of informal complaints although not classified as such. Others sought general information and informal rulings upon the rights and obligations of the public and common carriers under existing statutes.

#### BUREAU OF INQUIRY

Our staff of attorneys and special agents in this Bureau directed and conducted approximately 150 investigations of alleged violations of the criminal and penal provisions of parts I, III, and IV of the Interstate Commerce Act and related statutes. Other investigations

were made to obtain information for use at hearings in formal-docket cases instituted on our own motion.

The evidence developed by our investigations disclosed that a number of shippers had engaged in the practice of making false representations in shipping orders concerning the nature of the commodities comprising their shipments, and thereby had obtained transportation at less than the published rates, in addition to securing an advantage over their honest competitors who correctly described their shipments and paid the full amount of the lawful charges. Prosecutions based on this practice were instituted against 11 shippers in 5 districts. In all of these cases, except 1 which still is pending, the defendants pleaded guilty, and fines aggregating \$23,000 were imposed.

Another fraudulent practice of shippers, which our investigations disclosed, was the furnishing to carriers of false reports of weights for the purpose of defeating the lawful charges. Fines aggregating \$17,700 were imposed upon five shippers who entered pleas of guilty to indictments or informations charging this offense.

Deliveries by railroads to shippers of order-notify and advise shipments without the surrender of the original bills of lading or delivery orders, when such documents were at the banks at destination points and were available to the shippers upon payment of drafts attached thereto, constituted a means of granting concessions which our investigations brought to light. Prosecutions of three carriers, one private car company, and one shipper, which were founded upon such deliveries, were instituted during the year. All of the defendants entered pleas of guilty or of *nolo contendere*, and fines aggregating \$16,000 were imposed.

Another means of granting concessions by carriers, which was disclosed by our investigations, was the extending of credit to shippers for freight charges for periods in excess of the maximum prescribed in the rules and regulations governing the payment of such charges which we prescribed under authority of section 3 (2) of the act. An information based on this practice was filed against one carrier, and a fine of \$2,000 imposed upon a plea of guilty.

One investigation produced evidence which resulted in prosecution of a railroad for granting concessions to a terminal company. Under an arrangement between the two, the railroad sold coal to the terminal company and delivered it to the latter at a figure which did not include the price which the railroad paid for the coal at the mines, plus the full amount of the published freight charges. The railroad was prosecuted for this offense, and upon entering a plea of guilty was fined \$10,000.

Other investigations developed that carriers and shippers had failed to comply with tariff provisions. At several points it was discovered that freight charges were assessed on the basis of weights less than

the published carload minima, with the result that substantial under-charges accrued. This practice also constitutes a violation of our Service Order No. 68 under which, since February 15, 1942, the railroads in effect have been required to impose charges on carload shipments, other than of livestock, subject to the minimum weights published for cars of the length actually furnished to shippers irrespective of whether or not those cars are furnished for carrier's convenience or contrary to shippers' orders. Prosecutions founded on the failure to observe minimum weights were instituted against a carrier and a shipper, and, upon pleas of guilty, fines of \$8,000 and \$4,000, respectively, were imposed.

In another instance, violation by a carrier of its so-called stop-off tariff was disclosed. The tariff in question, which permitted the stopping of carload shipments at an intermediate point for partial unloading, provided that the carrier would not assist in unloading the freight at the stop-off point or make any check thereof. Notwithstanding such provisions, employees of the carrier did perform those services for several shippers, against all of whom, with one exception, a charge was made. Thus, in addition to failing to comply with its tariff by performing the services, the carrier discriminated against those shippers who were required to pay therefor, and in favor of the one shipper who received the services without cost. An indictment of the carrier, based on this practice, resulted in a plea of *nolo contendere* upon which a fine of \$1,000 was imposed.

Investigations also were conducted to determine whether there had been strict observance of tariffs naming charges for the detention by shippers of cars for the loading and unloading of freight. The evidence thus obtained led to indictment of two carriers for failing to assess and collect such charges, and the imposition of a fine of \$1,000 upon each defendant after pleas of *nolo contendere* were entered. A corporation shipper and two of its officers were indicted for attempting to obtain the cancellation by a railroad of charges which it had assessed in accordance with the provisions of its demurrage tariff.

Other investigations conducted at a number of points from which fresh vegetables are shipped disclosed numerous violations by certain railroads and shippers of tariffs publishing charges against shippers for the placing by them of ice in refrigerator cars for the protection of shipments tendered to the carriers for transportation. Those tariffs provide that shippers shall declare on shipping orders presented to the carriers the fact that ice has been placed in the cars, and that the carriers' agents shall transcribe such information on waybills and collect the charge mentioned above, in addition to the regular transportation charge. The shippers, in an effort to evade the icing charge, failed in most instances to certify that ice had been placed

in the cars, although in some instances they did so certify. The carriers' agents, however, refrained from assessing and collecting the charge in certain of those instances where the certification was furnished by the shippers, as well as in other instances where, in the absence of the certification, they had knowledge of the fact that ice had been placed in the cars. Based on these practices, informations charging willful failure to observe their tariffs were filed against carriers, and informations charging the solicitation and acceptance of concessions were filed against two shippers. The cases against the shippers were disposed of by pleas of *nolo contendere* and the imposition of fines aggregating \$6,000. The cases against the carriers still are pending.

Failure to observe tariffs naming transit privileges constituted another offense developed by certain of our investigations. In one case, a grain shipper made it a practice to surrender against out-bound shipments from a transit point in-bound freight bills which it was not entitled to use for transit purposes. By falsely representing that the contents of an in-bound shipment had been unloaded in its mill at the time an out-bound shipment was tendered to the carriers, the shipper, instead of paying the local rate from the transit point on the out-bound shipment, obtained transportation thereof at the balance of the through rate in effect from the point of origin shown in the in-bound freight bill to the final destination. The application to the out-bound shipment of the balance of the through rate, which was substantially lower than the local rate, was not permitted under the transit tariff in those instances where, as in this case, the contents of the in-bound shipment had not been unloaded in the mill at the transit point at the time the out-bound shipment was made. For this offense an indictment was returned against the shipper, and upon a plea of *nolo contendere* it was fined \$1,000.

Nonobservance by certain carriers of our Service Order No. 71, which, among other things, provides that single-deck cars for the transportation of livestock may be furnished in lieu of double-deck cars ordered by shippers, only where double-deck cars are not available, was brought to light by other investigations. The evidence developed disclosed also that, in order to make it appear that these were *bona fide* instances of the carriers' inability to furnish cars of the type actually ordered, false notations were made on shipping orders and waybills.

For violations of the Interstate Commerce Act and related acts, 14 indictments were returned, and 18 informations were filed. Twenty-eight cases were concluded in the district courts, and resulted in the imposition of fines totaling \$84,700.

Prosecutions instituted and concluded had their venue in the following States: Alabama, California, Connecticut, Georgia, Louisiana, Maryland, Massachusetts, Michigan, New York, North Carolina, Ohio, Pennsylvania, and Texas.

A summary (a) of the indictments returned and informations filed in the United States district courts and (b) of cases concluded in those courts is set forth in appendix A.

#### BUREAU OF LAW

On October 31, 1942, there were pending in the courts 41 cases involving our orders or requirements. During the year, 40 cases were instituted and 38 were concluded, leaving 43 cases now pending. Of these, 8 are in the United States Supreme Court, 1 is in the New York Court of Appeals, and 34 are in the district courts of the United States.

Sixteen cases were submitted and decided in the Supreme Court, 1 was discontinued in the Circuit Court of Appeals for the Second Circuit, and 21 were concluded in the district courts. Summaries of all the foregoing cases are shown in appendix B.

The cases decided by the Supreme Court were:

*Ecker v. Western Pacific Railroad Corp.*, 318 U. S. 448.

This case, and the two following cases, involving section 77 of the Bankruptcy Act, containing the statutory authority for reorganization of railroads, were the subjects of the most comprehensive and far-reaching opinions of the Supreme Court, insofar as this work is concerned.

In the *Ecker case*, which involved the reorganization of the Western Pacific Railroad Company, the Court answered questions concerning our functions and the functions of the bankruptcy court, acting under section 77. It held that the expertness of the Commission in these matters should be recognized, and that the authority of the bankruptcy court in exercising its independent judgment as to the fairness of a plan of reorganization is limited to a consideration of the sufficiency of our findings, and whether they complied with legal standards. The Court concluded that detailed findings by us were unnecessary to support our plan of reorganization, and that the determination whether a plan, including the amount of capitalization, was compatible with the public interest was one of our functions. A discussion of these important cases appears in a prior chapter of this report.

The Supreme Court said:

Thus, while judicial review does not involve an independent examination into valuation, it does require that the Court shall be satisfied, upon the record before the Commission, with such additional evidence as may be pertinent to the objections to the Commission's findings of value, that the statutory requirements have been followed.

*Group of Institutional Investors v. Chicago, M., St. P. & P. R. Co.*, 318 U. S. 523.

In this case, the Supreme Court held that the exclusion of preferred stockholders from participation in the reorganization plan was justified by our findings. In allocating the securities of the reorganized company, it said, we are not required to make special formal findings of fact on all questions of valuation and equities where the reviewing court is satisfied that our conclusions are supported by substantial evidence. Our ultimate findings were found by the Court to adhere to statutory requirements and contained the reasons for our action, together with supporting data, as required by the decision in the *Consolidated Rock Products Case*, 312 U. S. 510. The Court concluded that we had adequately considered the railroad's increased earning powers since 1939, which are referred to as "war earnings," in fixing a plan of reorganization for the railroad, and had discounted such earnings on the basis of past experience. The Court found that the objecting creditors had not supported the burden of proof necessary to offset these findings. It also decided, as in the *Ecker case*, that precise findings as to value were not necessary and that our findings of future earnings of the reorganized railroad, distributable to each class of creditors, were an adequate substitute for dollars and cents findings. The opinion sustained our findings that there was no sufficient showing of changed circumstances because of increased earnings due to the war effort to require return of the plan to us for consideration.

The *St. Paul case* was remanded to us and the district court to adjust the allocation of securities in the case of two groups of investors and to settle a dispute as to the fairness of the reorganization plan as between two groups of bondholders. Both revisions the Court termed "minor."

On the question of the extent to which we must determine in dollars and cents the valuation of a railroad property in setting up a reorganization plan, the Court said :

Apart from the necessity of making a finding for the exclusion of stock or any class of creditors as provided in section 77 (E) the mandate which Congress gave the Commission by section 77 (D) is merely to approve a plan "that will in its opinion meet with the requirements of sub-sections (B) and (E) of this section, and will be compatible with the public interest."

Reasons which underlie the expert opinion which the Commission expresses on a plan of reorganization under section 77 need not be marshalled and labeled as findings in order to make intelligible the Commission's conclusions or ultimate finding or to make possible the performance on the part of the courts of the functions delegated to them.

*Reconstruction Finance Corp. v. Bankers' Trust Co.*, 318 U. S. 163. In this case the Court held that we had jurisdiction to fix the

maximum amount of fees for services rendered and expenses incurred by an indenture trustee of properties owned by a railroad in reorganization notwithstanding that the services were rendered in connection with fiduciary duties relating to the trust estate rather than to the debtor's estate. The Court also held that the provision of the Bankruptcy Act which empowers us to fix maximum allowances "out of the debtor's estate" of fees for services rendered in connection with the plan, was applicable and valid as applied. In conclusion, the court held that there was no destruction of vested property rights in giving such an adjudication to an administrative agency, overruling the argument that the vesting of such adjudication was an exercise of exclusive judicial power under the Constitution.

*Chicago & N. W. Ry. Co. v. Savings Bank Group*, 318 U. S. 793.

On April 19, 1943, the Supreme Court denied petitions for writs of certiorari on behalf of the Chicago & North Western Railway Company to review our determination concerning a plan of reorganization for that company under section 77 of the Bankruptcy Act. In taking this action the court declined to disturb the holding of the Circuit Court of Appeals for the Seventh Circuit (126 Fed. (2d) 351), which had sustained the plan. At the same time the Court denied motions made on behalf of the carrier for leave to supplement the record to show greatly increased war earnings. Subsequent to this action of the Supreme Court in the *North Western case*, the carrier applied to us to reconsider our plan to enable it to show greatly increased earnings, which motion we denied. Thereupon the carrier filed a suit under the Urgent Deficiencies Act in the Federal court at Chicago to set aside our order. By motion to dismiss, we raised the question as to whether, having pursued the procedure prescribed by section 77 in the district court, the same questions can be relitigated in the three-judge court under the Urgent Deficiencies Act. The Court sustained our motion and dismissed the bill. *Chicago & N. W. Ry. Co. v. United States*, — Fed. Supp. —.

*Interstate Commerce Commission v. Columbus & G. Ry. Co.*, 319 U. S. 551.

Following two arguments, the Supreme Court reversed the lower court which had held invalid our report and order in *Columbus & Greenville Ry. Co. Cottonseed Allowances*, 248 I. C. C. 441. The facts show:

The Columbus & Greenville, whose line extends from Columbus to Greenville, both in Mississippi, serves, together with the St. Louis-San Francisco Railway and other trunk lines, certain mill points where cottonseed transported from country origins in Mississippi and other States is processed into products which subsequently are transported to marketing destinations. In 1931, for purposes of meeting truck

competition, the Columbus & Greenville and the other railroads established so-called cut-back tariffs, whereunder each road provided for a rate-refund on in-bound shipments of seed hauled by it to the mill points upon the condition that the out-bound shipments of processed products be made via its line. This tariff (No. 81) became effective without protest or suspension but, it being later criticized by our Bureau of Traffic, the Columbus & Greenville filed a proposed tariff to take its place, I. C. C. No. 83. Since this latter tariff, however, differed from tariff No. 81 only in immaterial particulars, we ordered it canceled and entered upon an investigation of its lawfulness.

In its report on this investigation (238 I. C. C. 309), division 3 dealt with the proposed tariff No. 83 largely in its operation on the joint out-bound rates through which the Columbus & Greenville reached the principal marketing destinations, and it found that the effect of it was to reduce those lawfully published rates without the concurrence of participating carriers in violation of the requirements of section 6 (4) and 6 (7) of the act. In a second report, we held that, to the extent that the tariff "provides for refund, or cut-back, to the shipper on traffic originated and hauled to the mill points by other rail carriers, it is unlawful in violation of section 1 (6), section 6 (4), and section 6 (7) of the act."

The decision of the Supreme Court first referred to our ultimate findings and, after quoting them, says that—

From this and other statements contained in the opinion of the full Commission it appears that the Commission shared the views of Division 3 as to the effect of the schedule upon the outbound joint rates and the unlawfulness of that effect. The Commission's view that the tariff operated to reduce such outbound rates without the concurrence of the participating carriers is at least a tenable one, and one we are not disposed to gainsay. When that view is taken, violation of section 6 (4) is clear. With the impropriety of the tariff under section 6 (4) established, the Commission could reasonably conclude that its operation entailed violations also of sections 1 (6) and 6 (7).

*Ziffrin, Inc., v. United States*, 318 U. S. 73.

In this case, the Court affirmed the judgment of the District Court for the Southern District of Indiana, sustaining our order of May 29, 1941, in *Ziffrin, Inc., Contract Carrier Application*, 28 M. C. C. 683.

The chief issue involved was the application of section 210 forbidding dual operation. Our decision was predicated upon a finding that the applicant contract carrier and a common carrier within the same territory were under common control and management. The Transportation Act of 1940 intervened between the time of hearing and the date of our decision. By this act, section 210 was amended so as to make the prohibition specifically apply to any person controlling, controlled by, or under common control with, such person.

The Supreme Court found it unnecessary to decide whether we correctly applied section 210 as originally enacted, since a change of

law pending an administrative hearing must be followed in relation to permits for future acts.

*Royal Cadillac Service v. United States*, 317 U. S. 595.

In this case, the Court sustained our order of September 2, 1941, in *Royal Cadillac Service, Inc., Common Carrier Application*, 30 M. C. C. 469, wherein we held that a change in the nature of operations during the "grandfather" period from nonscheduled irregular route to scheduled regular route was so substantial as to mean that the applicant had not continuously operated in the same manner as he was operating on the "grandfather" date and was not entitled to a certificate. The lower court had, however, remanded the proceedings to us on the ground that under the particular circumstances of this case we should have considered, having received evidence on the subject, whether the applicant was entitled to a certificate on the grounds of public convenience and necessity. The lower court also held that the claimant after his "grandfather" application had been denied was not entitled to continue operations pending determination of his public convenience and necessity application. The Supreme Court sustained the lower court in a *per curiam* opinion, which pointed out that the only substantial question presented was whether the applicant was entitled to continue operation pending determination of the application for a certificate of public convenience and necessity. That question, the Court held, was rendered moot by the fact that we had, pending the appeal, on remand denied the public convenience and necessity application.

*Illinois Commerce Commission v. Thomson*, 318 U. S. 675.

In this case, the Court held that our order of January 21, 1942, in *Increased Railway Rates, Fares, and Charges, 1942*, 248 I. C. C. 545, authorizing increases in passenger fares of 10 percent, did not operate to increase automatically Illinois intrastate commutation fares previously established by us. In an *amicus curiae* brief, we took the view in the Supreme Court that the 1942 order was not intended, without more, to increase the Illinois intrastate commutation fares, because the 10-percent increase would raise them above the 2-cent maximum set by the section 13 order of 1925, and because we had not made the required special findings under section 13 to justify such an increase. In its opinion, the Court stated that, since we alone are authorized to wield the constitutional powers to set aside State-established intrastate rates, State power cannot rightly be deemed to be supplanted so long as our exercise of our authority is left in serious doubt and that, where the applicability of the order is as doubtful as it is in this case, it would not feel justified in disregarding our disclaimer of intention to override the State law.

*Noble v. United States*, 319 U. S. 88.

In this case, the Court sustained our order of May 13, 1941, in *Noble Contract Carrier Application*, 28 M. C. C. 653, wherein we had limited commodities and territory in the grant of a permit to a contract carrier under section 209 (a) and denied authority as to a contract entered into before the "grandfather" date, July 1, 1935, where actual operations were not begun until 1936. The Court held that we had authority to specify types of business for which applicant could haul commodities as a contract carrier, and that applicant was not entitled to a permit to carry commodities of all shippers in a designated area.

*Levin v. United States*, 319 U. S. 728.

On May 17, 1943, the Supreme Court granted our motion to dismiss or affirm, thus sustaining our order of March 21, 1942, in *Exemption of Casual, Occasional, or Reciprocal Transportation of Passengers by Motor Vehicle*, 33 M. C. C. 69, removing the exemption under part II to casual, occasional, or reciprocal transportation of passengers by motor vehicle in interstate commerce for compensation under section 203 (b) when sold or procured through persons who engage in the business of travel bureaus. The Court disposed of the case without awaiting oral argument, rejecting the contention that the section under which we acted was an unconstitutional delegation of power, and also the contention that since the order might put the travel bureaus out of business, it deprived them of their property without due process of law.

*Interstate Commerce Commission v. Inland Waterways Corp.*, 319 U. S. 671.

In this case, the Court reversed the decision of the District Court for the Northern District of Illinois, and sustained our order in *Grain Proportionals Ex-Barge to Official Territory*, 256 I. C. C. 353; 248 I. C. C. 307.

The order in issue vacated an order suspending certain rail traffic, the effect of which was to deny to ex-barge grain the use of proportional rates out-bound from Chicago and related rate-break points. The lower court set aside the order on the ground that to deny the use of proportional rates to this ex-barge traffic while leaving proportional rates available to ex-rail and ex-lake traffic "discriminates against water competition by users of barges."

The opinion of the Supreme Court held that our findings that the proposed schedules were just and reasonable and that they could not be condemned as unlawful under sections 2 and 3 must be read in connection with our statement that we might in a proper proceeding prescribe proportional rates on the ex-barge traffic lower than local rates or joint barge rates lower than the combinations. This

form of finding the Court held not to be an approval or prescription of the rates under suspension, but only that the particular basis of protest was untenable.

The Court also held that to perpetuate the existing rate structure by sustaining the District Court's injunction would entail numerous and serious violations of section 4 (1). After pointing out instances of violations of fourth-section principles and calling attention to the disparity in distances as between origins of bare grain as compared with northwest grain and the fact that northwest grain is predominantly wheat while that from the territory served by the barge lines is predominantly corn, the opinion reads:

Nothing in the Interstate Commerce Act as amended by the Transportation Act of 1940, or in the statements of even the most ardent Congressional champions of water transportation, affords the slightest warrant for a decision that the Commission must treat as legally identical such widely disparate factual situations.

To the claim that we were obliged to continue the suspension proceedings and establish special proportionals for barge lines under section 6 (11), the Court held that we were under no such compulsion, particularly since, for more than a year after the enactment of the Transportation Act of 1940 and until after we had decided the case, appellees showed no disposition to make proposals or to develop a record upon the basis of which we might prescribe rates in view of their particular circumstances and under the provisions of the act designed with reference to them, but relied upon the erroneous view that they were by law entitled to the fortuitous and in many respects unlawful benefits of the rate structure.

*Barringer & Co. v. United States*, 319 U. S. 1.

The Supreme Court sustained our order of January 29, 1942, in *Loading Cotton in Oklahoma*, 248 I. C. C. 643. The facts show that, to meet truck competition to Gulf ports, the Santa Fe and certain other rail carriers proposed to cancel the loading charges when the cotton moved at carload rates. Barringer & Co., cotton dealers at Memphis, protested the proposed cancelation, on the ground that it would violate sections 2 and 3 (1) of the act, as the charge would remain in effect on carload shipments of cotton to Memphis and the Southeast. We suspended the rates, and after hearing found the proposed cancelation not unlawful. Both the district court and Supreme Court sustained our order.

The principal contention in the courts was that the separately stated accessorial charge for loading, and the circumstances and conditions surrounding the service of loading, must be considered separately; that the circumstances and conditions surrounding the loading of a car of cotton were the same, whether the car was destined to the Southeast, or to the Gulf ports; that therefore the imposition of a

charge in one instance and the performance of service free of charge in another was, as a matter of law, a violation of section 2; and that under that section the fact that there was truck competition to the Gulf ports and none to the Southeast was excluded from consideration, particularly in view of the decision in *Wight v. United States*, 167 U. S. 512. The Supreme Court rejected this contention.

*Keeshin Motor Express, Inc., v. Interstate Commerce Commission*, 320 U. S. —.

The Court denied a petition for writ of certiorari, seeking to review a decision (134 Fed. (2d) 228) wherein, on our application, the lower court had permanently enjoined a motor carrier operating in 12 States from charging less than the statutory rates. The injunction originally granted concerned transportation between points in 2 States only, but on amended complaint had been broadened so as to be unrestricted in scope, because the admitted and persistent violations of the act in 2 States constituted a sufficient basis for the court to anticipate further violations of the same character in other States. By denying certiorari on October 11, 1943, the Supreme Court declined to disturb this holding.

*Riss & Co. v. United States*, 320 U. S. —.

In this case the Supreme Court sustained our order of April 6, 1940, in *Sooner Distributing Co., Inc., Com. Car. Application*, 22 M. C. C. 541, wherein applicant was denied a certificate or permit under the "grandfather" clauses of the Motor Carrier Act because it failed to show continuous operation since the "grandfather" date. This action was taken by the Court without awaiting oral argument and in a *per curiam* decision, upon the authority of *Gregg Cartage Co. v. United States*, 316 U. S. 74.

Other decisions of interest in connection with our work were:

*Southland Gasoline Co. v. Bayley*, 319 U. S. 44.

In this case, the Court held that the exemption of motor carriers from the maximum-hour provisions of the Fair Labor Standards Act, pursuant to section 13 (b) (1) of that act, applied to employees of interstate private motor carriers of property prior to date when we first found need to establish maximum hours for such employees, and were not conditioned on a finding by us of the existence of the need for establishing maximum hours for such employees. Such a finding, it was held, did not affect the existence of our power to establish the maximum hours.

In its opinion, the Court said—

the power to fix maximum hours has existed in the Commission since the enactment of the Motor Carrier Act in 1935. Before that power could be used, it was necessary to make a finding of need. Such a necessity, however, did not affect the existence of the power. Legislation frequently delegates power to a finding of need or necessity for its exercise.

*Washington, Marlboro & Annapolis Motor Lines v. Henderson*, 318 U. S. 779.

On April 5, 1943, the Court denied a petition for writ of certiorari to review a decision of the Court of Appeals for the District of Columbia (132 Fed. (2d) 129), which had held that a general increase in rates effected by the carrier October 25, 1942, in accordance with a tariff filed with us September 23, 1942, was invalid because of the failure of the carrier to give notice to, or to consent to the intervention of, the Office of Price Administration. In denying certiorari the Court declined to disturb this holding.

*Akron, C. & Y. Ry. Co. v. Hagenbuch*, 318 U. S. 794.

On April 19, 1943, the Court denied a petition for writ of certiorari, thus declining to disturb a holding of the circuit court of appeals (128 Fed. (2d) 932) that our valuation of a railroad's assets in a reorganization plan under section 77, by capitalizing at 5 percent the average past, present, and estimated prospective net earnings available for interest and dividends, is supported by substantial evidence, notwithstanding our findings that actual investment and cost of reproduction would exceed the computed valuation, and despite the further fact that subsequent revenues exceeded our estimates of future earnings.

*Reed v. Chicago, N. S. & M. R. Co.*, 318 U. S. 768.

In this case, the Court denied a petition for writ of certiorari to review a decision of the circuit court of appeals (131 Fed. (2d) 458) holding that chapter X of the Bankruptcy Act was the proper medium for the reorganization of a railroad whose revenue from passenger transportation averaged about 77 percent of its transportation revenues, and only 17 percent of whose revenues was derived from transportation of freight in standard steam-railroad freight equipment.

*Nevada Consolidated Copper Corp. v. Railroad Retirement Board*, 317 U. S. 687.

On December 7, 1942, the Court denied petition for writ of certiorari in this case, thus declining to review a decision of the Circuit Court of Appeals for the Tenth Circuit (129 Fed. (2d) 358), wherein that court had held, after hearing in 1939 jointly with us, that ore workers employed by the Nevada Northern Railway Company, owning and operating a line between the mines of the Nevada Consolidated Copper Corporation and the Kennecott Copper Corp., were subject to the Railroad Retirement Act as being employees of the railway company within the meaning of that act.

*Terminal R. Assn. v. Brotherhood of Railroad Trainmen*, 318 U. S. 1.

In this case the Court held that the State of Illinois properly exercised its police power in requiring cabooses to be attached to trains moving within the State for the safety of the trainmen, even though

practically all of the trains are in interstate commerce and there is a remote burden on such commerce. The Court held that Congress had not preempted the field of regulating working conditions nor precluded the State from so doing, and, in this connection, said—

and it is unnecessary to consider in this connection and without the participation of the Interstate Commerce Commission what may be the extent of its power under these Acts [Boiler Inspection Act; Safety Appliance Act; paragraphs (10), (11), (13), (14), (15), (16), (17), and (21) of Section 1; paragraph 2 of Section 20 (a).] If it should in the exercise of granted power determine whether appellant must provide cabooses, the State would be powerless to gainsay it.

*Chicago, St. P., M. & O. Ry. Co. v. Muldowney*, 317 U. S. 700.

In this case, the Court denied a petition for writ of certiorari to review a decision of the lower court (130 Fed. (2d) 971) holding that the railroad was liable under the Federal Employers' Liability Act for the death of a switchman who was killed during switching operations, the evidence being sufficient for the jury on the question of whether drawbars were out of alignment and whether violation of the Safety Appliance Act was the proximate cause of the death.

*Lilly v. Grand Trunk Western R. Co.*, 317 U. S. 481.

The Supreme Court had before it in this case a construction of the Boiler Inspection Act, and in its opinion said :

Fortunately, we are not left wholly to our own resources in construing the Act in the light of its humanitarian purpose. The Interstate Commerce Commission has set the standard here for promulgating a rule (No. 153) that the "Top of tender behind fuel space shall be kept clean and means provided to carry off waste water." From the phrasing of Rule 153 we think it aimed at requiring the top of the tender to be kept free of foreign matter which would render footing insecure, for example, coal, dust, debris, grease, waste, and ice. While the locomotive inspection rules are generally devoted to details of construction and specification of materials, at least one other rule deals with the condition of surfaces upon which employees must stand. In using the word "clean" the Commission must have meant something more than mere manner of construction or mechanical operation because "clean" does not naturally lend itself to such a limited connotation. That something more is the continuing duty of promoting the safety of employees by removing from the top of the tender all extraneous substances which might make standing there hazardous.

The injuries were held to be a violation of the railroad's duties under the Boiler Inspection Act.

*Burrus Mill & Elevator Co. of Oklahoma v. Chicago, R. I. & P. Ry. Co.*, 318 U. S. 773.

On March 8, 1943, the Supreme Court denied petition for writ of certiorari to review a decision of the Circuit Court of Appeals for the Tenth Circuit, dated November 2, 1942 (131 Fed. (2d) 532). The suit was an action by a shipper against the railroad company to recover an alleged overpayment of freight charges on wheat shipped from St.

Louis to Memphis, via Kansas City, Mo., and Kingfisher, Okla., and milled into flour at Kingfisher.

*United States v. Monia*, 317 U. S. 424.

The Supreme Court held in this case that, under the immunity provisions of the Sherman Antitrust Act, a witness who has testified under compulsion is immune from prosecution respecting matters about which he substantially testified, even though the witness did not claim the privilege.

The decision in the *Monia case*, while relating to a grand jury proceeding inquiring into an alleged violation of the Sherman Act, applies equally to proceedings before us and in all other proceedings, criminal or otherwise, under the Interstate Commerce Act or any amendment thereof (apparently including parts II, III, and IV), and under the Elkins Act.

*City of Youngstown v. Erie R. Co.*, 320 U. S. ——.

On October 11, 1943, the Court denied petition for writ of certiorari to review a decision of the lower court (133 Fed. (2d) 730), which held that, in a railroad reorganization proceeding under section 77 of the Bankruptcy Act, the city had no valid claim against the railroad for a portion of the damages to mortgaged property for a grade crossing elimination project, authorized by State law, and placing the city in charge of all claims for damages growing out of the project, with part of the costs to be borne by the railroad.

#### BUREAU OF LOCOMOTIVE INSPECTION

The work of this Bureau is shown in detail in the report of the director, published separately. Except as otherwise stated, the report here made is for the fiscal year ended June 30, 1943.

The following tables covering the fiscal years indicated are self-explanatory.

TABLE I.—*Reports and inspections—Steam locomotives*

	Year ended June 30—					
	1943	1942	1941	1940	1939	1938
Number of locomotives for which reports were filed	43,064	42,951	43,236	44,274	45,965	47,397
Number inspected	116,647	113,451	105,675	102,164	105,606	105,186
Number found defective	11,901	10,970	9,570	8,565	9,099	11,050
Percentage inspected found defective	10	10	9	8	9	11
Number ordered out of service	487	474	560	487	468	679
Number of defects found	51,350	44,928	37,691	32,677	33,490	42,214

TABLE II.—*Accidents and casualties caused by failure of some part of the steam locomotive, including boiler, or tender*

	Year ended June 30—					
	1943	1942	1941	1940	1939	1938
Number of accidents.....	319	222	153	164	152	208
Percent decrease from previous year.....	1 43.7	1 45.1	6.7	1 7.9	26.9	20.9
Number of persons killed.....	27	34	15	18	15	7
Percent decrease from previous year.....	20.6	1 126.7	16.7	1 20.0	1 114.3	72.0
Number of persons injured.....	373	227	182	225	164	216
Percent decrease from previous year.....	1 64.3	1 24.7	19.1	1 37.2	24.1	23.7

<sup>1</sup> Increase.TABLE III.—*Accidents and casualties caused by failure of some part or appurtenance of the steam locomotive boiler* <sup>1</sup>

	Year ended June 30—							
	1943	1942	1941	1940	1939	1938	1915	1912
Number of accidents.....	129	81	43	67	52	59	424	856
Number of persons killed.....	25	30	12	16	15	5	13	91
Number of persons injured.....	173	83	64	110	55	59	467	1,005

<sup>1</sup> The original act applied only to the locomotive boiler.TABLE IV.—*Reports and inspections—Locomotives other than steam*

	Year ended June 30—					
	1943	1942	1941	1940	1939	1938
Number of locomotive units for which reports were filed.....	4,351	3,957	3,389	2,987	2,716	2,555
Number inspected.....	6,847	6,728	5,558	4,974	4,581	4,024
Number found defective.....	298	358	319	298	260	274
Percentage inspected found defective.....	4.4	5	6	6	6	7
Number ordered out of service.....	6	12	21	16	14	9
Total number of defects found.....	849	928	905	766	696	769

TABLE V.—*Accidents and casualties caused by failure of some part or appurtenance of locomotives other than steam*

	Year ended June 30—				
	1943	1942	1941	1940	1939
Number of accidents.....	15	9	11	7	5
Number of persons killed.....	18	9	11	7	5
Number of persons injured.....					

## INVESTIGATION OF ACCIDENTS AND GENERAL CONDITION OF LOCOMOTIVES

All accidents reported to the Bureau as required by the law and rules were carefully investigated and appropriate action taken to prevent recurrence as far as possible. Copies of reports of accident investigations were furnished to interested parties when requested and otherwise used to bring about a diminution in the number of accidents.

## STEAM LOCOMOTIVES

Three hundred and nineteen accidents occurred in connection with steam locomotives, resulting in 27 deaths and 373 injuries. This represents an increase of 97 accidents, a decrease of 7 in the number of persons killed, and an increase of 146 in the number of persons injured compared with the preceding year.

During the year, 10 percent of the steam locomotives inspected by our inspectors were found with defects or errors, in inspection, that should have been corrected before the locomotives were put into use. This is the same percentage as in the next preceding year. Four hundred and eighty-seven locomotives were ordered withheld from service by our inspectors because of the presence of defects that rendered the locomotives immediately unsafe. This is an increase of 13 locomotives as compared with the next preceding year.

## EXPLOSIONS AND OTHER BOILER ACCIDENTS

Twenty-five boiler explosions occurred in the fiscal year, in which 24 persons were killed and 56 injured. There was an increase of 12 accidents, an increase of 1 person killed, and an increase of 36 persons injured from explosions as compared with the preceding year.

One of these accidents, in which 2 persons were killed and 22 injured, was primarily caused by a collision in which the locomotive was derailed and came to rest leaning to the right and with the front end down an embankment. This position caused parts of the firebox to be bared of water, which resulted in overheating. The explosion occurred about 10 minutes following the derailment, after the engineer, who had previously alighted on the ground, had returned to the locomotive in an apparent attempt to take steps to prevent the overheating of the exposed areas of the firebox.

In one instance, in which 2 persons were killed and 1 injured, parts of all the firebox sheets were overheated due to foaming of the boiler water.

In another accident, in which one person was injured, the explosion was caused by the failure of a fusion-welded joint in a crown-sheet patch.

The remaining 22 accidents, in which 20 persons were killed and 32 injured, were caused by overheated crown sheets due to low water.

The serious results of boiler explosions are well known to railroad men and explosions have been materially reduced since the inception of the Boiler Inspection Act. However, there has been an increase in such accidents in the past 3 years with consequent increased loss of life and injuries and destruction of equipment. Increased vigilance of all concerned is necessary to overcome and reverse this trend.

Many locomotives are equipped with protective devices such as syphons, multiple drop or fusible plugs, and low-water alarms, all of which have no doubt prevented boiler explosions or minimized the severity thereof. Carriers that are continuing to make applications of devices of this character are making a distinct contribution to the conservation of human resources and of equipment.

Boiler and appurtenance accidents other than explosions resulted in the death of 1 person and injuries to 117 persons. This is a decrease of 6 deaths and an increase of 52 injuries as compared with the preceding year.

#### EXTENSION OF TIME FOR REMOVAL OF FLUES

One thousand sixty-seven applications were filed for extensions of time for removal of flues, as provided in rule 10. Our investigations disclosed that in 49 of these cases the condition of the locomotives was such that extensions could not properly be granted. Eighteen were in such condition that the full extensions requested could not be authorized, but extensions for shorter periods of time were allowed. Forty-eight extensions were granted after defects disclosed by our investigations were required to be repaired. Twenty-five applications were canceled for various reasons. Nine hundred and twenty-seven applications were granted for the full period requested.

#### LOCOMOTIVES PROPELLED BY POWER OTHER THAN STEAM

There was an increase of six in the number of accidents occurring in connection with locomotives other than steam and an increase of nine in the number of persons injured as compared with the preceding year. No deaths occurred in either year.

During the year, 4.4 percent of the locomotives inspected by our inspectors were found with defects or errors in inspection that should have been corrected before the locomotives were put into use. This represents a decrease of 0.6 percent compared with the results obtained in the preceding year. Six locomotives were ordered withheld from service by our inspectors because of the presence of defects that rendered the locomotives immediately unsafe. This represents a decrease of six locomotives compared with the next preceding year.

#### SPECIFICATION CARDS AND ALTERATION REPORTS

Under rule 54 of the Rules and Instructions for Inspection and Testing of Steam Locomotives, 501 specification cards and 6,273 alteration reports were filed, checked, and analyzed. These reports are necessary in order to determine whether or not the boilers represented were so constructed or repaired as to render safe and proper service and whether the stresses were within the allowed limits. Corrective measures were taken with respect to numerous discrepancies found.

Under rules 328 and 329 of the Rules and Instructions for Inspection and Testing of Locomotives Other Than Steam, 432 specifications and 110 alteration reports were filed for locomotive units and 69 specifications and 97 alteration reports were filed for boilers mounted on locomotives other than steam. These were checked and analyzed and corrective measures taken with respect to discrepancies found.

#### SPECIAL WORK

In response to requests from military and naval authorities and other Government agencies engaged in the war effort, inspections of various locomotives were made to determine the condition and suitability for use, and cooperative assistance was rendered in other respects. These locomotives are being generally maintained to the standards prescribed by the locomotive inspection law and rules governing the condition of locomotives used on the lines of common carriers, and inspections are currently made by our inspectors.

#### APPEALS

No formal appeal by any carrier was taken from the decisions of any inspector during the year.

#### BUREAU OF MOTOR CARRIERS

This second year of war finds motor carriers carrying an unprecedented volume of traffic, despite an equally unprecedented shortage of equipment, drivers, mechanics, and repair facilities, and an enforced program of conservation. In this situation, we have realized that a too earnest striving toward peacetime regulatory goals would likely impede the war effort, and our main energies have been expended in assisting carriers to maintain the flow of essential transportation. We have not permitted, however, any relaxation in carrier responsibility to the public. Compliance with our insurance regulations, the fitness of carriers of explosives and other dangerous articles, the adequacy of essential services, and other like matters have been watched carefully. While numerous carriers have suspended all or part of their operations, there has been little over-all diminution of essential transportation service. With customary flexibility, motor-carrier organizations and equipment have been adapted to the handling of war traffic, some of it quite foreign to that previously transported.

In past reports, we have mentioned the proceedings in *Ex Parte* Nos. MC-20, MC-21, MC-22, and MC-23 in which minimum rates were prescribed for motor common carriers in trunk-line, central, New England, and western trunk-line territories. The effectiveness of the minimum rate orders in these proceedings was suspended July 1, 1942. In October 1943, the minimum rate orders were vacated, and the proceedings were discontinued with the exception of that part of *Ex*

Parte No. MC-22 relating to New England class rates and classifications, which part had been reopened for further hearing.

Rates and fares generally have remained at last year's level. However, in *Increased Common Carrier Truck Rates in the East*, 42 M. C. C. 633, division 2 approved a general increase in the rates and charges between points in trunk-line territory, and between points in trunk-line territory, on the one hand, and points in New England, on the other. The respondent motor common carriers, numbering approximately 1,200, originally sought a general increase of approximately 10 percent in their rates and charges. The division found that the proposal had not been justified but that an increase of 4 percent in respondents' rates and charges would be reasonable. Strong opposition to the change was presented by several governmental agencies, but the increase was found to be necessary to accomplish the purposes of the national transportation policy.

In keeping with our views expressed last year, we have followed the practice of refusing to grant permanent authority in any instance where there are indications that the need for service will not outlast the period of war emergency. Applications for temporary authority have risen substantially above the high figure of last year, totaling nearly 5,000, while applications for permanent authority have dropped to less than one-half of those received during that period.

We have reopened the proceeding dealing with insurance or other security for the protection of the public for the purpose of considering the need for the prescription of a minimum financial standard for insurance companies desiring to file insurance in behalf of motor carriers subject to the act. A hearing has been held on the matter, but no report has yet been issued.

In several instances, we have by order modified previous regulations. Regular-route carriers have been permitted to move empty equipment by the most direct available route, and under certain conditions to operate loaded equipment over the most direct route, regardless of the route specified in their certificate or permit. In lieu of identification plates ordinarily required to be displayed on all vehicles, we have authorized the display of the carrier's name and authority number.

Close contact with those charged with the conduct of the war and the maintenance of civilian economy has been continued as in the past. We acknowledge gratefully the understanding and helpful manner of Federal and State officials and those in industry in working out the many problems that have arisen.

#### SECTION OF ACCOUNTS

At present our accounting regulations are in effect only for class I motor carriers, which are defined as those having average gross oper-

ating revenues (including interstate and intrastate) of \$100,000 or more annually from motor-carrier operations. On October 31, 1943, there were 1,578 class I motor carriers of property, 214 class I motor carriers of passengers, and 28 class I motor carriers of both property and passengers as compared with 1,426 carriers of property, 185 carriers of passengers, and 24 carriers of both property and passengers on the same date last year. Class I motor carriers are required to submit periodic reports which are given an office examination, supplemented by an examination of the carrier's books and records by our field accountants. During the year, our accountants made examinations of the accounts and records of 1,006 class I carriers which were advised of changes necessary to bring their accounting procedures into conformity with our requirements.

The following shows the number of monthly and quarterly reports received and examined for errors in preparation and improper accounting practices during the year:

	Received	Examined
Monthly reports—passenger	2,622	2,494
Quarterly reports—passenger	910	1,007
Quarterly reports—property	6,560	482

The section handled 482 accounting cases in connection with mergers, consolidations, and acquisitions of control under section 5, and 1,483 financial and income statements filed with applications for transfer of rights under section 212.

Other duties performed during the year included the preparation of financial and statistical exhibits and other data for introduction in rate cases; examinations of accounts and records of motor carriers for the purpose of obtaining evidence as to alleged violations of the Interstate Commerce Act and regulations issued pursuant thereto for use by the Section of Law and Enforcement; and the furnishing of information to the Office of Defense Transportation and other war agencies.

During the fiscal year just ended, we have completed the examination and tabulation of 11,321 reports showing revenues, expenses, and other data relating to the operations of class II and class III motor carriers for the year 1941; similar reports had been received for the years 1939 and 1940. The information thus obtained has been of considerable benefit to us in our motor-carrier work, and the findings have been used in studies by other Government agencies in connection with present emergency conditions. In July 1943, we released a statement showing information obtained from reports filed by class II and class III property carriers for the years 1940 and 1941. Reports were not obtained from such carriers for the year 1942.

## SECTION OF CERTIFICATES

As our annual report for 1937 described in detail the duties of the Section of Certificates, this report will be confined to a summary of the status of the various applications handled by the section.

*Applications for certificates, permits, licenses, registration, temporary authority and exemption filed since enactment of part II of the Interstate Commerce Act*

	Cumulative to Oct. 31, 1942	Nov. 1, 1942 to Oct. 31, 1943	Cumulative to Oct. 31, 1943
"Grandfather" applications filed on and prior to Feb. 12, 1936	<sup>1</sup> 82,954	<sup>2</sup> 422	83,376
"Grandfather" applications filed after Feb. 12, 1936	6,674	33	6,707
Applications for authority to institute new operations	19,231	1,071	20,302
Applications to register State certificates	<sup>1</sup> 3,016	290	3,306
Applications for temporary authority under section 210a (a)	6,541	5,089	11,630
Applications for exemption of one-State operations under section 204a (4a)	64	11	75
Total applications received	118,480	6,916	125,396
Applications approved	31,857	5,273	37,130
Applications denied, dismissed, or withdrawn	80,981	5,874	86,855
Applications pending	5,642	-4,231	<sup>3</sup> 1,411
Total	118,480	6,916	125,396

<sup>1</sup> Six hundred and thirty-two applications for registration filed prior to February 12, 1936, and previously included in the first group in this table have been transferred to the fourth group which now includes all applications for registration filed.

<sup>2</sup> The increase in the number of "grandfather" filings results from the transfer of portions of operating rights or the separation of applications involving more than one type of operation.

<sup>3</sup> Of the 1,411 applications pending, 283 are filed under the "grandfather" clauses of the act, sections 206 (a) and 209 (a), by motor carriers who claim to have been in bona fide operation on June 1, 1935, as common carriers, or July 1, 1935, as contract carriers. The carriers filing such applications are authorized by the act to continue operations pending determination of their applications.

*Identification plates.*—During the year, 27,809 identification plates were issued, bringing the total plates issued to 399,442. To date, a total of \$99,860.50 has been transmitted to the Treasury of the United States in payment therefor. Plates voided or surrendered after cancellation or transfer of operating authorities, or reported lost or destroyed, total 103,528, leaving outstanding 295,914 valid identification plates in the hands of 22,209 carriers. As before stated, new plates are no longer being supplied.

*Applications for transfer of operating rights.*—There were submitted, during the year, 1,494 applications for substitution, transfer, or lease under section 212. During the year, 1,433 such applications have been granted and 77 dismissed or denied. To date, 12,888 such applications have been submitted, of which 11,693 have been granted and 1,111 dismissed or denied. Eighty-four are now under consideration.

*Temporary authority under section 210a (a).*—During the past year, 5,089 applications were filed for temporary authority under section 210a (a). Upon a showing that there was an immediate and urgent need for service and that there was no carrier within the territory capable of meeting the need, 4,684 such applications were granted. Nine hundred and twenty-four did not disclose such facts and were

denied. The issuance of final orders upon 194 of the applications granted awaits the filing of appropriate rate publications and evidence of insurance. Since 1938, when this type of authority was first authorized, 11,630 applications have been filed, of which 8,435 have been approved, 2,922 denied, and 273 are under consideration. The number of applications for temporary authority filed during the past 2 years has been approximately 5 times the number filed during the 2 years preceding the declaration of war. Corresponding figures covering applications for permanent authority show a decrease of about 50 percent.

*Authority for temporary suspension of operations.*—There were received, during the year, 1,345 applications for temporary suspension of operations under section 204 (f). Since that section was added to the act in March 1942, 2,003 such applications have been received, of which 1,375 have been acted upon, 340 withdrawn, and 288 are under consideration. The majority of these applications have been granted, principally for reasons relating to military service, personnel shortages, changes in industrial production, and wartime bans on nonessential transportation services.

#### SECTION OF COMPLAINTS

The following indicates the condition of the docket of formal complaints, general investigations, and investigation and suspension proceedings for the year ending October 31, 1943 (corresponding figures for the preceding year are also given) :

	1942	1943
Formal complaints filed	20	23
Subnumbers	1	0
Investigations instituted	19	9
Investigation and suspension cases instituted	273	194
Hearings	201	122
Proceedings under submission at end of period	89	47
Proceedings disposed of, including subnumbers, reopened cases, and cases instituted in the preceding year	537	306
Reopened	12	1
Number of cases pending	241	162

During the year, we decided 42 complaint and answer cases and 77 investigation and suspension proceedings, including in each instance cases left from the preceding year. Ten complaint and answer and 147 investigation and suspension cases were dismissed at the request of the parties. We decided 24 and dismissed 6 of the investigations instituted by us, including some which had been instituted in the prior year.

The following indicates the condition of the docket of application matters for the year ending October 31, 1943 (corresponding figures for the year ending October 31, 1942, are also given) :

		1942	1943
<i>Hearing procedure docket</i>			
Hearings		3,310	961
Recommended orders and reports by joint boards or examiners		3,286	1,028
Applications decided by effective recommended orders		2,310	715
Applications decided by the Commission		2,022	1,165
Application matters reopened after decision		366	223
Applications in section pending hearing or rehearing		336	213
Application matters heard but pending in various stages short of submission		531	187
Applications heard and submitted to the Commission for final determination but not decided		919	395
Number of applications pending		1,786	795
<i>No-hearing procedure docket</i>			
Recommended orders and reports by joint boards or examiners		786	270
Applications decided by effective recommended orders		753	295
Applications decided by the Commission		13	2
Application matters reopened after decision		16	5
Application matters in section for preparation of recommended orders and reports by joint boards or examiners		69	28
Application matters in which recommended orders and reports have been issued but in various stages short of submission		36	8
Application matters submitted to the Commission for determination but not yet decided		4	2
Number of applications pending		109	38

Six hundred and twenty-seven petitions were handled in application matters formally heard.

#### SECTION OF FINANCE

The duties of this section relate principally to pooling, consolidations, mergers, purchases, leases, contracts to operate, acquisitions of control, and investigation matters involving motor carriers under section 5; temporary authority under section 210a (b) to operate properties sought to be acquired in a pending application under section 5; and authority under section 214 to issue securities or assume obligation or liability with respect to the securities of another.

A summary of formal cases handled by the section during the past 2 report years follows:

	Received				Disposed of				On hand	
	During year		Cumula-		During year		Cumula-			
	1942	1943	1942	1943	1942	1943	1942	1943	1942	1943
<b>Initial disposition:</b>										
a. Applications under section 5 (213) for approval of unifications, including pooling	299	318	1,823	2,141	329	302	1,671	1,973	152	168
b. Applications under section 214 for authority to issue securities or to assume obligation or liability	17	12	192	204	19	13	184	197	8	7
Reopened cases under sections 5 (213) and 214, as above	8	7	34	41	3	11	27	38	7	3
Temporary authority applications under section 210a (b) applicable to unification cases	154	135	568	703	153	137	560	697	8	6
Total of above	478	472	2,617	3,089	504	463	2,442	2,905	175	184
Petitions—general	224	215	805	1,020	238	168	794	962	11	58

Expedited action has been necessary in many cases due to the war emergency. Use of a so-called "abbreviated procedure" in the handling of finance cases was referred to in our last two reports. This procedure has been continued and has been very effective in speeding the disposition of cases handled without a formal hearing.

#### SECTION OF INSURANCE

The work of this section in connection with the administration of our rules and regulations under sections 211 (c) and 215 governing the filing of security for the protection of the public by motor carriers and brokers of transportation, and its approval, has been described in previous reports. At the present time surety bonds, certificates of insurance, or qualifications as self-insurers are on file for some 22,000 motor carriers covering their liability to the public for bodily injuries to or the death of any persons, or for loss of or damage to property of others, resulting from the negligent operation, maintenance, or use of motor vehicles in transportation service subject to the act. Also, some 17,500 motor common carriers of property have on file one of the afore-mentioned types of security covering their liability to compensate shippers or consignees for the loss of or damage to cargo.

During the past year, the section received, examined for approval, and filed 51,206 certificates of insurance, 903 surety bonds, 10,807 notices of cancelation of insurance policies or surety bonds, and 1,349 rescinders of notices of cancelation and notices reinstating previously canceled policies or bonds. It also handled 5 applications for authority to self-insure, and in connection with its self-insurance and surety-bond work examined and analyzed 172 financial statements filed by self-insurers and corporate sureties not authorized by the United States Treasury Department to execute surety bonds naming the United States of America as obligee.

This section also has the duty of keeping us currently advised as to any apparent inadequacy in the financial resources or general stability of insurance companies filing certificates of insurance with us in behalf of motor carriers. In performing these duties, the section examined and analyzed complete financial statements from 140 insurance companies.

In cooperation with our Bureau of Water Carriers and Freight Forwarders, this section investigated the need for rules and regulations pertaining to security for the protection of the public to be applicable to freight forwarders subject to part IV of the act. Proposed rules and regulations substantially similar to those prescribed for motor carriers were drafted, together with necessary forms required to properly administer them. These were circulated to all

freight forwarders and other interested parties, and a formal hearing thereon was held on October 13, 1943.

#### SECTION OF LAW AND ENFORCEMENT

The status of complaints and litigation during the year is as follows:

Complaints on hand November 1, 1942	1,805
Complaints since received	864
Total complaints requiring attention	2,669
Complaints closed (investigations concluded and reviewed)	1,557
Complaints pending (investigation by field staff instituted or pending)	1,112
Total	2,669

Classification of violations (including complaints charging more than one violation):

Operating without authority	544
Nonobservation of rates and charges on file	225
Unification without authority	5
Nonobservation of safety regulations	144
Insurance requirements	210
Accounting requirements	37
Miscellaneous	82
Total	1,247

	Civil	Criminal	Total
Cases involving litigation, on hand at beginning of current year	6	115	121
Recommended for litigation	21	255	276
Court cases instituted	17	204	221
Court cases concluded	21	182	203
Cases awaiting institution	3	91	94

The foregoing figures present a summary of the work done by the enforcement branch. Of the 203 court cases concluded during the year, 182 involved statutory violations of a criminal nature and resulted in penalties totaling \$130,062. There was an acquittal in 8 cases, and the Department of Justice moved dismissal of 14 cases for various reasons.

Appropriate decrees were entered in all 21 of the civil cases terminated during the year. Five civil cases were dismissed on motion of the government.

Complaints received during the year numbered 864 as compared with 1,116 for the preceding year. Without minimizing the beneficial results of sustained enforcement efforts, this decrease of 23 percent is attributed also to the greatly increased motor-carrier operations during the present emergency which have lessened competition and complaints by one carrier against another which formerly comprised a major portion of the normal total.

The total complaints closed, court proceedings instituted, recommendations for litigation, and cases approved for litigation but not

filed in courts, is 2,148, or 80 percent of the total complaints requiring action, with respect to which this section has effected such disposal as was within its means of accomplishment. This has been achieved by deploying greatly reduced personnel to the best possible advantage.

Since the date of our last report, the law branch has handled 991 informal complaints chiefly by correspondence with motor carriers and other parties in interest. Consideration of complaints against household-goods carriers disclosed the possibility of a need for revision of certain of the present regulations governing those carriers. Hearings were held at several widely separated points, and the matter now awaits service of the examiner's report and recommended order.

The failure of motor carriers to comply with the Commission's insurance regulations required special attention by the enforcement branch at the beginning of the present year. At that time, approximately 6,500 carriers had been reported delinquent in renewing expired or canceled insurance with a resulting lack of protection to the public. By concerted action directed by the enforcement branch in which the Section of Insurance and the field force of the Bureau participated, this delinquency was reduced to approximately 1,100, with the further result that only 20 cases now are being considered by this section for court action. A revised procedure was instituted which effected a substantial economy of operation within this section and a similar saving of time and personnel in the Section of Insurance and in the field offices. The duration of periods of delinquency has been reduced considerably.

#### SECTION OF SAFETY

At the beginning of the war, it was realized that there would follow a substantial increase in the transportation of explosives and other dangerous articles over the public highways by motor vehicle, much of it by carriers without previous experience in that field. Special procedures were established to safeguard such transportation and prevent accidents, as well as to establish steps to be taken following the occurrence of an accident to afford the maximum of protection to the public from further consequences. We have reason to believe these precautions have been instrumental in averting accidents as well as in lessening damage and injury after their occurrence.

During the year, we extended the application of our safety regulations to cover the transportation of explosives and other dangerous articles by common, contract, and private motor carriers in interstate, foreign, and intrastate commerce. Previously, only common and contract carriers in interstate or foreign commerce had been affected. The extension of the regulations to intrastate operations is limited to the duration of the war and 6 months thereafter, and is not applicable to the transportation of inflammable liquids. The effective date of the

order has been postponed to January 1, 1944, so far as it relates to private carriers of inflammable liquids in interstate or foreign commerce.

This section has participated with other agencies in studies related to the war effort, such as apprentice training of drivers, reduction in the number of traffic lights on highways, emergency movements of vehicles, transportation of explosives and other dangerous articles, and other technical problems. Accidents involving defects in highway and bridge construction have been called to the attention of the Public Roads Administration in numerous instances for the correction of such highway hazards.

Several special studies were made. Analysis of samples of reports of excess driving and on-duty hours for 1942 and 1943 revealed large increases in both the number and magnitude of these violations. Sample accident reports were analyzed to determine the relation between driver experience, hours on duty, and hours of driving and "driver asleep" accidents. This study revealed nearly twice as many such accidents in 1943 as in 1942. An analytical study of 1,000 accidents for 6-month periods in 1941 and 1942 showed a decrease of 21 percent in the number of reported accidents, 6 percent decrease in mileage, and property-damage increase of 14 percent, corresponding to a calculated 26 percent decrease in mileage for all vehicles for the latter period.

Carriers are finding compliance with certain of our regulations increasingly difficult because of operating and maintenance personnel shortages, but no general relaxation has occurred. Shortages of metals and other critical materials have also affected compliance in some degree. In several instances, we have permitted the temporary substitution of other devices for those previously prescribed, allowing the use of fire extinguishers not made of "critical" materials, non-metallic first-aid kits, fusees other than "red-burning," and of reflector devices in lieu of red electric lanterns when the latter are unobtainable.

Our safety regulations require common and contract carriers subject to part II to make detailed reports of accidents. During the calendar year 1942, these carriers reported 10,987 accidents, a decrease of 14 percent from the number reported on a comparable basis in 1941. These accidents resulted in the death of 1,124 persons, in the injury of 9,993 persons, and in property damage amounting to \$7,776,178. There were 27 fire accidents in the transportation of petroleum products in tank trucks in which 26 persons were killed, 27 injured, and 29 vehicles or combinations (54 individual units) were totally destroyed, with consequent property damage of \$551,108. The transportation of gasoline was involved in slightly more than half of these accidents but accounted for more than 80 percent of the casualties.

During the same period, there were 4 accidents in the transportation

of inflammable compressed gases in which no persons were killed, 2 were injured, and 6 vehicles were destroyed, with consequent property damage of \$29,658. In the transportation of explosives during the same period, there were but 2 accidents. One of these was of a quite serious nature, there having been 7 persons killed, 40 injured, 2 vehicles totally destroyed, and property damage of \$525,274. The other involved 2 fatalities, 1 injury, the destruction of 2 vehicles, and property damage of \$13,144.

There has been considerable curtailment of the work of this staff because of lack of sufficient personnel, both in the educational and enforcement work in the field and in the analysis and study of report data in the central office.

#### SECTION OF TRAFFIC

The functions of this section were described in our fiftieth annual report. The performance of this work, the general volume of which has shown little change, has been seriously hampered by the loss of personnel to the armed forces and to war agencies.

The decided increase in the number of applications for temporary authority to establish new or extended operations, previously mentioned, is reflected in the work performed by this section. The emergency character of these operations, most of them in furtherance of the war effort, calls for expedited handling in order that the transportation service may be instituted promptly. Rates to cover such operations are generally established on short notice. During the period covered by this report, this section acted upon the rate matters involved in 5,003 granted temporary authority applications, as compared with 3,683 for the preceding period.

During the past year the requests for rate and tariff information were more than double the number ordinarily received. The majority of these requests were from the Office of Defense Transportation, the War Production Board, the Office of Price Administration, the War and Navy Departments, and other war agencies.

As stated in our report for last year, this section has been assigned the task of advising and assisting freight forwarders in the filing of appropriate publications containing joint freight forwarder-motor carrier rates authorized for a temporary period by section 409 of part IV. Paragraph (4) of section 409 (a) prohibits any changes in joint freight forwarder-motor carrier rates or charges or divisions, except as may be expressly authorized or required by our order. The number of applications for authority to make changes in such rates, charges or divisions received during the course of the year was 558. Four hundred and seventy-one permissive orders were issued granting the authority requested, and 87 applications were denied.

Motor common carriers of passengers and property have filed, during the course of the year, 50,969 tariff publications. Freight forwarders filed 5,498 joint freight forwarder-motor carrier tariffs. Motor contract carriers of property have filed 2,090 schedules of minimum rates and charges. Of the total number received, 786 publications were rejected and returned as not in compliance with the provisions of section 217, 218 (a), or 409 (a) (4), or our regulations issued thereunder. The tariffs and schedules retained in our files have been made available for public inspection in our 16 district offices as well as in our Washington office. Under section 220 (a), copies of contracts of contract carriers are required to be filed with us, primarily for our confidential information. During the year, this section received, indexed, and examined 3,613 such copies of contracts. There were received 5,560 applications seeking special permission to publish rates, fares, or charges on less than statutory notice or for waiver of our tariff circular regulations. During the year 4,966 such applications were granted and 703 were denied. The remainder were disposed of otherwise. Approximately 50 percent of these applications involved the establishment of, or changes in, rates attributable to the war emergency. Powers of attorney and certificates of concurrence filed aggregate 5,946. The number of applications filed under section 219 seeking authority to establish rates dependent upon or varying with released values were 13. Of these, 11 were granted, 1 was withdrawn, and 1 is pending.

#### FIELD ORGANIZATION

In addition to the regular work of the Bureau, the field staff has rendered assistance to carriers and Government agencies in preventing and correcting transportation bottlenecks, congestions, and breakdowns. They have investigated all embargoes reported to us and are continually working and cooperating with the armed forces in seeing that motor transportation is made available to move vital war traffic.

General and special surveys and investigations have been made for the Army and other Government agencies, such as reports on the shortage of motor-vehicle parts, the number and location of special types of motor vehicles, applications for permission to construct garages and shipping docks, and state of motor transport conditions throughout the country. Certain of these are continuing surveys on which reports are submitted each month.

The volume and type of the regular Bureau work handled by the field staff is partially reflected in the foregoing reports of the various sections, since the field work and that of the sections is very closely related. The field staff maintains close contact with the motor trans-

portation situation throughout the country and handles at close range, and very often by personal interview, the many matters coming within our jurisdiction. A constant volume of applications, petitions, and complaints is submitted to them for investigation and report. District directors and district supervisors from time to time assist at joint board hearings when this will effect a saving of time or travel expense.

Violations of the act and our regulations continue to require a large amount of the time of our field staff. In addition to the volume of court cases and complaints handled, as reflected in the foregoing report of our Section of Law and Enforcement, a larger number of complaints and minor violations have been handled by the field administratively. Considerable time is consumed in obtaining compliance with insurance requirements aside from those cases handled by legal enforcement.

Many rate and tariff matters have required attention in the field, especially requests for tariff information from military officials, and requests for assistance from carriers which are required to change their methods of operation because of war conditions.

Our accounting staff has been active in examining reports of carriers and checking books and records for compliance with our accounting requirements, as well as in rendering help in properly establishing and maintaining accounting procedures as required by our regulations. Considerable educational work has been necessary due to war adjustments and to mounting revenues which have brought many carriers under these regulations for the first time.

Safety work has been carried on energetically to the extent personnel would permit, particular stress being put on maintenance and conservation of equipment, and on the proper handling of explosives and other dangerous articles. Lack of competent manpower, shortage of motor-vehicle equipment and parts, and a rising volume of highway transportation, particularly transportation of munitions, have increased the need for safety activity many fold.

The field staff has handled and reported on 136,811 applications for the allocation of new commercial motor vehicles for the Office of Defense Transportation. As of the date of this report, there are 380 employees of all classifications assigned to 79 presently existing field offices.

#### BUREAU OF SAFETY

A more detailed report of this Bureau is published as a separate document.

Except as otherwise specified, the report here made is for the year ended June 30, 1943.

## ACCIDENT STATISTICS

Casualties on steam railroads in connection with the operation of trains during the calendar years 1941 and 1942 are summarized as follows:

Class of persons	Number of persons killed		Number of persons injured	
	1941	1942	1941	1942
Trespassers-----	2,104	1,925	1,572	1,348
Employees-----	662	846	11,196	16,435
Passengers on trains-----	34	91	2,916	3,395
Travelers not on trains-----	5	19	81	97
Persons carried under contract-----	8	16	271	312
Other nontrespassers-----	2,070	2,106	5,395	5,240
Total-----	4,883	5,003	21,431	26,827

In addition, 230 persons were killed and 21,281 injured in nontrain accidents, in comparison with 203 killed and 16,380 injured in such accidents during the preceding calendar year.

Steam railroads carried 672,420,000 passengers 53,747,029,000 miles; there were 91 fatalities to passengers on trains, or an average of 1 fatality for each 590,626,692 miles traveled.

Thirty employees were killed and 519 injured in coupling or uncoupling locomotives and cars, as compared with 25 killed and 486 injured during 1941. Twenty-two employees on duty were killed and 288 injured by coming into contact with fixed structures, and 39 employees on duty were killed and 3,985 injured in getting on or off cars and locomotives. Forty-five employees were injured while using running boards of locomotives, and 36 employees were injured while using running boards of cars. A total of 110 passengers on trains and travelers not on trains were killed, as compared with 39 killed during the preceding year. Of these 110 fatalities, 33 resulted from collisions and 5 from derailments of trains, and 53 passengers on trains and 19 travelers not on trains were killed when getting on or off cars by being struck or run over, or through other miscellaneous causes. A total of 791 employees on duty were killed in train and train-service accidents, as compared with 614 during the preceding year. During the first 6 months of 1943, 41 passengers, 5 travelers not on trains, and 403 employees on duty were killed in railroad accidents of all kinds.

## INVESTIGATION OF ACCIDENTS

The Bureau investigated 110 train accidents, of which 84 were collisions, 25 were derailments, and 1 was classed as a miscellaneous accident. The collisions resulted in the death of 125 persons and the injury of 1,577 persons; the derailments resulted in the death of 54 persons and the injury of 361 persons; the miscellaneous accident involved track laborers, engaged in tamping ballast, who were struck

by a passenger train, resulting in the death of 10 persons; the total was 189 killed and 1,938 injured.

The principal causes of the collisions investigated consisted of failure to obey meet orders, inferior trains occupying main track on the time of opposing superior trains, failure to provide proper flag protection for preceding trains, failure to operate following trains in accordance with signal indications, and failure properly to control speed while moving within yard limits.

Twelve of the more serious accidents investigated were:

Track laborers engaged in tamping ballast being struck by passenger train, resulting in the death of 10 persons; head-end collision between a freight train and a passenger train, resulting in the death of 3 and the injury of 20 persons; rear-end collision between 2 passenger trains and the derailed cars colliding with a freight train on a parallel track, resulting in the death of 14 and the injury of 76 persons; rear-end collision between a freight train and a passenger train, resulting in the injury of 11 persons; rear-end collision between a passenger train and an express-mail train, resulting in the death of 2 and the injury of 35 persons; head-end collision between a light engine and a passenger train, resulting in the injury of 41 persons; derailment of a passenger train, resulting in the death of 3 and the injury of 81 persons; head-end collision between a passenger train and a freight train, resulting in the death of 3 and the injury of 63 persons; head-end collision between a passenger train and a work train, resulting in the death of 5 and the injury of 14 persons; head-end collision of a passenger train and a mixed train, resulting in the death of 2 and the injury of 8 persons; rear-end collision between a passenger train and a freight train, resulting in the death of 3 and the injury of 16 persons; and derailment of a passenger train, resulting in the death of 14 and the injury of 81 persons.

A detailed report concerning each accident investigated is made public when completed.

#### GRADE CROSSINGS—RAILWAY WITH HIGHWAY

During the calendar year 1942, there were 4,150 accidents at highway grade crossings which resulted in the death of 1,970 persons and the injury of 4,616 persons. Automobiles were involved in 3,626 of these accidents, 1,621 persons being killed and 4,386 injured. There were 78 derailments of trains as a result of collisions between trains and automobiles, which caused the death of 57 persons and the injury of 114 persons. Of the total casualties resulting from derailments and other train accidents at highway grade crossings, 12 persons killed and 83 injured were railroad passengers, employees, and persons carried under contract. Information concerning accidents of this character, together with comparable statistics for the preceding 2 years,

and the number of crossings, railway with highway, is shown in the following tables:

*Accidents at highway grade crossings, years ended Dec. 31, 1940, 1941, and 1942*

	1940			1941			1942		
	Number	Number of persons killed	Number of persons injured	Number	Number of persons killed	Number of persons injured	Number	Number of persons killed	Number of persons injured
Accidents at highway grade crossings	4,104	1,808	4,632	4,320	1,931	4,885	4,150	1,970	4,616
Accidents at highway grade crossings involving automobiles	3,685	1,576	4,430	3,874	1,679	4,667	3,626	1,621	4,386
Derailments of trains as a result of collisions between trains and automobiles	71	51	79	56	23	56	78	57	114
Miscellaneous train accidents as a result of collisions between trains and automobiles	187	113	90	192	99	90	203	131	137
Automobiles registered	32,025,365			34,355,100			32,582,242		
Railroad casualties:									
Passengers			20						56
Employees on duty		8	60		10	61		19	70
Persons carried under contract			1			3			7
Total			8	81		10	81		133

*Crossings, railway with highway*

Year ended Dec. 31—	Number at end of year	Number actually added and eliminated during the year		Net decrease	Year ended Dec. 31—	Number at end of year	Number actually added and eliminated during the year		Net decrease
		Added	Eliminated				Added	Eliminated	
1942	227,496	516	2,694	2,178	1937	232,322	895	1,843	948
1941	229,722	563	1,502	939	1936	232,902	491	2,134	1,643
1940	230,285	730	1,507	777	1935	234,231	887	2,071	1,184
1939	231,104	868	1,554	686	1934	234,820	999	2,109	1,110
1938	231,400	641	1,805	1,164	1933	235,827	788	2,029	1,241

**SAFETY APPLIANCES**

The following table shows the result of inspection of safety appliances for the fiscal year ended June 30, 1943, together with corresponding data for the preceding year:

	1943	1942
Freight cars inspected	1,324,854	1,177,448
Percent defective	2.80	2.55
Passenger-train cars inspected	33,969	29,568
Percent defective	2.53	2.63
Locomotives inspected	18,265	14,023
Percent defective	4.53	5.16
Total cars and locomotives inspected	1,377,088	1,221,039
Percent defective	2.82	2.58
Number of defects per 1,000 inspected	32.59	30.15

During the year, 185 cases of violation of the safety appliance laws, comprising 411 counts, were transmitted to United States attorneys for prosecution. Cases comprising 222 counts were confessed and 3 counts were dismissed. On June 30, 1943, 123 cases containing 309 counts were pending in various district courts.

In our report of July 18, 1924, we directed attention to the necessity for improvement of air-brake systems. Pursuant to the recommendations contained in that report, the Association of American Railroads adopted, effective September 1, 1933, revised specifications for power brakes of freight cars, and later prescribed a rule, effective January 1, 1935, which provided for the progressive installation, on cars in interchange, of air-brake equipment conforming to these revised specifications; this program was to be completed on or before January 1, 1945. The following is a record as of June 30, 1943, of the number and percentage of interchange freight cars equipped with power brakes conforming to these revised specifications:

Car owners reporting	Number of owners reporting	Number of cars owned	Number of cars equipped with such brakes	Percent
Railroads	158	1, 839, 963	777, 024	42.2
Private car lines	201	277, 728	58, 778	21.2
Total	359	2, 117, 691	835, 802	39.5

There was an increase during the year of 120,465 cars equipped with brakes which meet the revised specifications, of which 24,350 were new cars. As shown by the foregoing, during 8½ years, or 85 percent of the 10-year period allotted for making this improvement, only 39.5 percent of the freight cars in interchange service have been equipped with the present standard air-brake apparatus. Only a few class I carriers have kept pace with the schedule necessary to accomplish this improvement within the 10-year period. Under the stress of present wartime traffic conditions, it is particularly important that the advantages of this improved equipment should be made fully available as rapidly as possible.

We have cooperated with the Association of American Railroads with respect to tests of geared hand brakes on freight cars and various matters of car construction associated with safety of operation.

In compliance with requests received from the Department of the Interior, various lots of cars offered for sale to The Alaska Railroad were inspected and reported upon by our representatives, and several lots of cars and other rolling stock purchased by The Alaska Railroad were inspected for acceptance after necessary modifications and repairs were completed.

At the end of the fiscal year, 65,080 covered freight cars, owned by 51 railroads and 6 private car lines, had been equipped with metallic running boards of various types, for purposes of investigation and tests, as permitted by orders of the Commission. The Bureau has inspected such running boards on 5,294 cars.

By order dated June 8, 1943, effective January 1, 1944, running boards made of material other than wood may not be applied unless approved by us.

#### HOURS OF SERVICE

The following table contains statistics for the fiscal year ended June 30, 1943, and corresponding data for the preceding year:

	1943	1942
Railroads filing hours of service reports.....	730	745
Railroads reporting instances of excess service.....	230	195
Instances of excess service reported.....	55,084	14,280

Sixty cases of violation of the hours of service law comprising 446 counts, were transmitted to United States attorneys for prosecution. Judgment was confessed in cases comprising 154 counts, 6 counts were dismissed, and 17 counts were tried. Of those tried, judgment in the district courts was for the Government on 14 counts and for the defendants on 3 counts. In a case of 9 counts, decided adversely to the Government last year and pending on appeal, judgment was reversed (133 Fed. (2d) 831). On June 30, 1943, 33 cases including 344 counts were pending in the district courts.

#### SIGNAL SYSTEMS, INTERLOCKING, AND AUTOMATIC TRAIN-STOP AND TRAIN-CONTROL DEVICES

On January 1, 1943, block-signal systems, and interlocking, and automatic train-stop, train-control, and cab-signal devices were in use as follows:

##### *Block-signal systems*

	Miles of road	Miles of track
Automatic.....	67,286.7	98,369.5
Nonautomatic.....	45,171.2	46,881.4
Total.....	112,457.9	145,250.9

##### *Interlocking*

Number of plants.....	4,460
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*Automatic train-stop, train-control, and cab-signal devices*

	Miles of road	Miles of track	Locomotives
Intermittent <sup>1</sup> .....	6,462.9	12,004.2	5,679
Continuous.....	4,172.0	8,558.8	4,696
Total.....	10,634.9	20,563.0	10,375

<sup>1</sup> Listed under "intermittent" are 378 locomotives having dual intermittent-continuous equipment.

Detailed information concerning these installations is contained in the annual signal bulletin, compiled separately.

During the year, 1,058 applications for approval of modifications of block-signal systems and interlocking were filed by the carriers, 1,078 applications were acted upon by the Commission, and 28 applications were withdrawn. At the close of the year, action was pending on 79 applications. In addition, 41 applications for approval of modifications were received upon which action has been withheld pending receipt of information concerning availability of critical material.

On July 1, 1942, 7 applications for approval of modifications of certain sections of the rules, standards, and instructions prescribed by our order of April 13, 1939, or approval of extension of time within which certain sections were to become effective, were pending. During the year ended June 30, 1943, 4 applications were filed and 11 were acted upon by the Commission; at the close of the year, no applications of this nature were pending.

In 189 cases, further extensions of time have been granted carriers in connection with applications on projects which cannot be completed within the original time limit allowed by the Commission's order, and 2 applications for such extensions have been denied.

Action has also been taken on three applications for approval of modifications of automatic train-control and automatic cab-signal installations.

With respect to 17 applications upon which hearings had been held and action was pending, as noted in the report last year, 16 have been approved and 1 denied. During the year, hearings were held and action was taken on 9 applications, 8 of which were granted and 1 denied.

Pursuant to section 25(b) of the Interstate Commerce Act as amended in 1937, and acting upon information obtained in connection with the investigation of accidents which disclosed the inadequacy of safety measures provided by certain carriers on parts of their lines, we have issued 11 orders calling upon 8 carriers to show cause why they should not be required to equip certain portions of their lines with appliances, methods, or systems specified in the said orders, and substantial progress has been made in providing the installations covered by these orders.

Monthly signal-failure reports filed by the carriers during the period from July 1, 1942, to June 30, 1943, inclusive, are summarized as follows:

False restrictive failures	44,407
False proceed failures	255
Potential false proceed conditions	38

During the year, inspections were made as follows:

Block-signal systems	565
Interlockings	1,136
Automatic train-control and cab-signal devices	234
Centralized traffic-control systems	74
Other similar appliances, methods, or systems	50
<b>Total</b>	<b>2,059</b>

These inspections have resulted in bringing to the attention of railroad managements for necessary corrective action violations of our orders and unsatisfactory maintenance conditions found to exist.

#### EXAMINATION OF DEVICES

Plans of four devices designed to promote safety of railway operation were examined by our engineers and reports thereon were transmitted to the proprietors or their agents.

#### MEDALS OF HONOR

During the year ended June 30, 1943, one application for award of a medal of honor under the act of February 23, 1905, was filed, and a medal was awarded to Hollis W. Wortham, employed by the Illinois Central Railroad Company, for his action in saving the life of a man on a railroad track at Fort Knox, Ky., February 27, 1942.

Since the passage of this act, 78 applications have been filed, of which 48 have been approved and 30 denied.

#### BUREAU OF SERVICE

The Bureau's activities during the past year have been concerned with obtaining, in time of war, the utmost efficiency of railroad operation. We have worked in close cooperation with the Association of American Railroads, Office of Defense Transportation, Army, Navy, War Production Board, War Shipping Administration, Department of Agriculture (War Food Administration), Interior Department (Solid Fuels Administration For War), and other governmental agencies, and with the Car Efficiency Committees, Shippers Advisory Boards, and The National Industrial Traffic League.

The Bureau maintains a staff of approximately 60 service agents. The United States is divided into 15 districts with service agents

having offices in the major railroad centers. Other agents are located in adjacent strategic points in the districts.

During the year, service agents have made actual investigations of thousands of records and matters relating to delay in loading and unloading cars, car detention of all kinds, traffic movements in terminals, troop movements, cross hauling of empty cars in terminals, circuitous routing, misuse and abuse of railroad equipment, back hauling and cross hauling of war matériel and railroad company material, congestion of export freight at ports, movements of less-than-carload freight, freight-house congestion, debris and dunnage left in cars, condition at destination points of shipments of perishables moving with and without ice, loading of refrigerator cars west-bound which ordinarily return empty, failure to furnish cars for loading of grain, coal, and other commodities, and the necessity for icing fresh fruits and vegetables to prevent spoilage.

In order to conserve the available supply of locomotives and cars for national use it has been necessary to reduce the number of cars of United States ownership on railroad lines in neighboring countries. Constant attention has been given to the equalization of cars moving to Mexico, Canada, and Cuba. Certain restrictions have been placed on carload movements of some commodities from one foreign country through the United States all-rail to another foreign country because these movements were consuming cars and motive power badly needed within the boundaries of the United States. The restrictions imposed brought about general improvement in car turn-around time without producing serious adverse effects in the neighboring countries.

The use of embargoes has increased throughout the year, and it has been demonstrated that this is an effective means of discouraging and controlling car detention. Embargoes have the advantage of affecting only the particular situation against which they are directed, whether they relate to a single individual, a group of individuals, or a territory. Our service agents and the representatives of the Car Service Division, Association of American Railroads, have worked under instructions to recommend embargoes in every case where it was necessary to prevent or relieve car detention, and at present more embargoes are being issued than during past months. By arrangement with the Car Service Division, that organization ordinarily issues embargoes either on the Bureau's recommendation or otherwise, and in only a few instances has formal action by the Commission been necessary through the issuance of service orders. The increasing use of embargoes and the desire on the part of industries to avoid them, plus the cooperative efforts of shippers generally, have so far made it unnecessary to recommend drastic increases in demurrage charges in order to discourage and control car detention.

Assistance has been rendered in the movement of petroleum and petroleum products in tank cars hauled in solid trains from producing points to eastern destinations, in the blocking of cars moved in trains over transcontinental lines, in the use of refrigerator cars in west-bound transcontinental movement in lieu of boxcars, and in the repair and return to service of cars temporarily out of service because of mechanical defects.

Definite remedial measures have been taken regarding unnecessary weighing of cars, circuitous routing, back hauling, holding of cars for diversion and reconsignment, and the operation of special trains. It has been necessary throughout the year to reroute and divert traffic to avoid congestion of terminals and roads temporarily unable to handle traffic because of floods, landslides, or wrecks. Other corrective action has been necessary regarding the return of empty coal cars and the movement of equipment and machinery which could not be moved over regularly established and more direct routes.

The enormous volume of grain handled in this country since the harvesting of the 1942 crop placed a severe strain on railroad transportation and resulted in a close, and at times critical, supply of grain cars for this movement. During the early months of 1943, grain moved in greater quantities than during the harvest season of 1942. Changed storage conditions required constant attention and shifts in the car supply. The work of permit agents, established under Service Order No. 80, was particularly effective in moving the 1942 harvest, and the number of such agents has been increased since that time.

The transportation of grain is a complex and highly specialized service in the field of transportation, and the many problems arising in this connection require expert knowledge. For that reason, early in 1943 a special committee was formed at the instance of this Bureau, and is now functioning jointly with the Office of Defense Transportation in eradicating all wasteful use of transportation in the movement of grain and grain products, and at the same time avoiding so far as possible the disruption of normal practices which would adversely affect the grain trade.

It has been necessary to appoint, as agents of the Commission, men who are specialists in their respective fields, located at strategic points, and to delegate to them the authority of the Commission to control unusual transportation conditions resulting from the war emergency.

Coal agents were appointed in Cleveland, Ohio, New York, N. Y., and Norfolk, Va., and given broad authority with respect to the movement of coal to the lake ports and to North Atlantic ports for transhipment by vessel. They are relied upon to keep the Commission, and other governmental agencies interested in coal transportation, informed with respect to the movement of coal, seasonal and otherwise,

to prevent congestion and accumulation of cars in coal-originating territory or at ports, and to promote better coal transportation generally. Their work has been highly effective.

A similar agent was appointed by the Commission and vested with authority to divert or reroute carloads of petroleum and petroleum products moving to the principal refining area in the eastern part of the United States.

In the autumn of 1942, the heavy movement of transcontinental traffic threatened congestion on the railroad lines over which it was moving. Some congestion actually occurred. The Bureau took steps looking toward the appointment of an agent to be located in Chicago and to have the authority of the Commission, as provided for in section 1 (16), to divert or reroute traffic. A railroad operating man was appointed as the Commission's agent, and given almost complete authority to exercise the necessary control. Simultaneously he was appointed by the Office of Defense Transportation as an Associate Director. He has issued 94 diversion orders. While some congestion has since occurred, it has not been of long duration or of extreme seriousness.

Refrigerator cars are, to some extent, specialized with respect to their size, construction, and the products they are particularly designed to transport. It was apparent that some steps should be taken to make possible a better distribution and use of these cars. Accordingly, an agent of the Commission was appointed, located in Chicago, and given broad authority with respect to their distribution. The pooling of refrigerator cars has been avoided although, as far as is necessary and advisable, cars of all ownerships are used where and as needed, moving generally back to their respective proper territories as circumstances permit. The methods evolved for their distribution and control have proven highly satisfactory, and it is believed that by the use of these methods a severe shortage of refrigerator cars has thus far been avoided. It is further believed that through the experience gained and the continued cooperative efforts of the users and owners of refrigerator cars future extreme difficulties with respect to the refrigerator-car supply should be avoided.

During times when railroad lines are burdened with heavy traffic, the movement of special trains on expedited schedules is detrimental and must be avoided so far as possible. To guard against unnecessary special movements by freight train, an agent was appointed with authority to control movements of special military trains. The Director of the Bureau is authorized to control the movement of special trains other than military trains. This plan is working without confusion or difficulty, and is proving beneficial to general railroad transportation.

All of the above-mentioned agents have been given important assignments and considerable latitude in their authority to carry them

out, under supervision of the Bureau. They provide not only a means of controlling particular transportation problems but a means of keeping the Commission fully advised concerning such matters. In most cases, provision was made at the time of appointment for an advisory committee to assist the agent. Thus the Commission has available to it the advice and services of men best informed in their respective fields.

The service orders are covered in a separate section of this report. Many of the service orders contain permit clauses which take care of special conditions or exceptional circumstances which cannot be foreseen at the time the orders are issued. The permits are issued by the Director of the Bureau of Service or by authorized agents under his direction and supervision.

Although most of the work of this Bureau has been of an emergency nature during the past year, necessary attention has been given to informal complaints involving service, transportation of explosives, etc. Assistance has been rendered to other bureaus of the Commission as well as other governmental agencies and departments.

Regulations for the transportation of explosives and other dangerous articles have been revised by 16 orders to meet rapidly changing conditions. The principles for the safe transportation of explosives, established by long experience, have been maintained, and recommendation has been made that the work of this section be intensified because of the increasing volume of explosives being transported and the methods now being used in its transportation.

The wisdom of Congress in providing for immediate action by the Commission, with or without notice or hearing, in emergencies has been fully demonstrated.

#### BUREAU OF TRAFFIC

The present functions of this Bureau are as described in our last report.

*Freight-forwarder tariffs.*—Freight-forwarder tariff publications containing exclusively all-forwarder rates are filed in this Bureau, and those containing exclusively joint forwarder-motor rates or a combination of such rates and all-forwarder rates are filed in the Section of Traffic of the Bureau of Motor Carriers. By the term "all-forwarder rates" is meant rates filed under section 405 in contradistinction to joint forwarder-motor rates filed under section 409 of the Interstate Commerce Act. During the year, 682 tariff publications containing exclusively all-forwarder rates were filed.

Since our last report we set up a committee composed of the Director of the Bureau of Traffic and the Chief of the Section of Traffic of the Bureau of Motor Carriers, to handle general administrative and

interpretative problems affecting both classes of forwarder rates, and related rate and tariff questions.

As the work of examining the initial filings of forwarders, made in August 1942, progressed, it developed that practically all such tariffs fell far short of meeting the requirements imposed upon common carriers by rail, motor and water. These deficiencies resulted partly from the inherent differences between forwarder traffic and common carrier traffic, and partly from the fact that forwarders had for years been operating under tariffs devised by themselves without regard to regulation. The tariffs contained many ambiguities and indefinite provisions. Most of them contained objectionable general provisions, such as that the charges of railroads or motor carriers, where lower, would be protected at the option of the forwarder. Our staff "forwarder committee" referred to has held many conferences with representatives of the forwarders in an effort to bring about prompt and extensive improvement of the forwarder tariffs, but, except for the elimination of optional provisions under which forwarders may or may not protect railroad or motor carrier rates as they see fit, comparatively little progress has been made in clearing up and bringing about reissue of forwarder tariffs. The slow progress has been due to the inherent nature of forwarder operations, which makes it more difficult to state point-to-point rates than in the case of common carriers, and to shortage of man power resulting from war conditions. Thus while some progress has been made in the direction of making forwarder tariffs definite and understandable, much remains to be done, and the work will be progressed as rapidly as war conditions will permit.

During the past year, as during the one preceding, not only the recently enacted freight-forwarder legislation but the war emergency and the changed economic and transportation conditions resulting therefrom have affected the complexion and distribution of the work of the Bureau. Under the present conditions, when all available transportation facilities are in demand, reductions in rates on account of competition between carriers, or as a result of shipper complaint, are naturally fewer in number than under more normal conditions, and anti-inflation considerations have tended to lessen the number of proposed increases in rates. This is reflected in the decreased number of tariff filings and protested rate adjustments shown below, as compared with the corresponding figures for the previous year. On the other hand, changes in rates to meet rapidly shifting conditions due to the war are more numerous than in normal times. Thus, during the past year, over 36 percent of the special permissions granted for authority to establish rates on short notice involved changes in rates on account of the war emergency, with many additional changes made under special contractual arrangements between the carriers and the

Government, and to meet various emergency service orders issued by us to prevent shortage of railroad equipment and congestion of traffic. In many instances the issuance of these permissive and service orders involved tariff and other problems requiring special and expedited consideration and treatment. Of the protested rate adjustments of which suspension was requested, approximately 275 involved proposed rate increases protested by the Office of Price Administration, War Department or other Government war agencies.

Subject to certain restrictions imposed by the Interstate Commerce Act itself, of which the requirements as to notice conformability with the long-and-short haul provisions of the act may be cited as examples, and subject to our general regulations as to tariff publication, and also subject to the limitations imposed by our outstanding orders affecting either the measure of rates or their relation, each "carrier is entitled to initiate rates and, in this connection, to adopt such policy of rate making as to it seems best." (*United States v. Chicago, M., St. P. & Pac. R. Co.*, 294 U. S. 499, 506, quoting from *United States v. Illinois Central R. Co.*, 263 U. S. 515, which cited earlier decisions of the Court to this effect.) Because of the restrictions upon the freedom of the carriers in making effective their rate policies, whether imposed by statute but remediable by our consent, or imposed by orders of ours which have the effect of statutes but which we may modify, in a great number of cases the carriers find it necessary to obtain our authority before making effective rate changes which they desire. Authority is not granted until investigation has been made as to the propriety of the request. Further, a great many changes in rates are directly required by or are the necessary consequence of our orders made after full hearing. Numerous rate changes are made as the result of informal negotiations with other federal authorities, or as the result of our own informal representations or recommendations. Analysis of the filings of tariffs in a recent year showed that approximately 40 percent of the total number lodged in our Bureau of Traffic, and reported in our annual report for the year, stated rates which either had been required by us, or had received our formal approval as justified under the act, or the filing was permitted upon administrative consideration of the applications for special permission. A large number of the total number of tariffs above reported as filed with us do not either affect the rate level or change any rate.

Data covering particular activities of subdivisions of this Bureau during the year are shown below.

#### SECTION OF TARIFFS

There were received for filing 71,075 tariff publications containing changes in freight, freight-forwarder, express, and pipe-line rates,

passenger fares, and freight classification ratings, this figure including also schedules of minimum rates and charges filed by contract carriers by water. Of these tariff publications 568 were rejected for failure to give the notice required by the statute or to conform to prescribed regulations. Powers of attorney and certificates of concurrence filed aggregated 11,742. Applications received seeking special permission to establish rates or fares on less than statutory notice or waiver of certain of our tariff publishing rules numbered 6,399. Specific orders entered granting, amending, or revoking special permission numbered 6,526 and denying special permission numbered 259. There were received and filed, 1,383 copies of traffic contracts between common carriers.

#### SUSPENSIONS

Rate adjustments were protested and suspension asked in 777 instances. Of these protested adjustments, 416 represented increases, 292 represented reductions, 63 represented both increases and reductions, and 6 neither increases nor reductions. They covered a large number of rate schedules, comprising many thousands of rates.

The following action was taken on the requests for suspension :

Suspended (including supplemental orders)-----	316
Refused to suspend-----	295
Schedules rejected, requests for suspension withdrawn, or protested schedules withdrawn-----	166
Total-----	777

Of these suspended adjustments, 134 were disposed of through informal proceedings, together with 65 adjustments suspended during the previous year.

Rail carriers protested 87 motor adjustments and motor carriers protested 14 rail adjustments, while water carriers protested 2 rail adjustments, and rail carriers protested 3 water adjustments. In the case of freight-forwarder adjustments, 15 were protested by motor carriers and 10 by competing forwarders. All of the adjustments referred to in this paragraph represented reductions in rates.

#### THE FOURTH SECTION

The number of applications was 479. The number of orders entered in response to applications was 495, of which 20 were denial orders, 303 were orders granting continuing relief, and 172 were orders authorizing temporary relief. Forty-five formal reports were issued.

Applications withdrawn, wholly or in part, after correspondence with carriers, numbered 26; and 32 applications or portions thereof were heard in fourth-section proceedings.

The number of petitions for modification of orders was 202, of which 169 were granted, 22 were denied, 1 was withdrawn, and 10 are pending.

#### EXPRESS

Of the tariff publications filed, 866 represent changes in express rates and classification ratings. Of the applications received seeking special permission to establish rates on less than statutory notice or waiver of certain of our tariff-publishing rules, 56 related to express rates.

#### RELEASED RATES

There were filed with this Bureau 12 applications for authority, under sections 20 (11), 219, and 413 of the act, to establish rates dependent upon declared or agreed values, and two such applications were pending at the beginning of the year. Of these, 11 were granted, 1 was denied, 1 was withdrawn, and 1 is pending.

#### BUREAU OF TRANSPORT ECONOMICS AND STATISTICS

During the year ended October 31, 1943, this Bureau has been actively engaged in complying with requests from war agencies and other Government Departments for information on matters relating to various phases of transportation. Special assistance on many specific subjects was rendered to the Office of Defense Transportation, the Board of Economic Warfare, Senate Military Affairs Committee, War Production Board, Office of Price Administration, Office of Economic Stabilization, Board of Investigation and Research, the War Department, and the War Shipping Administration. In addition there has been a constant demand from the war agencies and other Departments of the Government for information contained in our monthly, quarterly, and annual statistics of common carriers and in our special studies. A list of the statistical reports regularly issued appears in the Statistics of Railways.

During the year ended June 30, 1943, the total number of statistical reports filed with us by carriers and others was 45,404, of which 3,345 were annual reports. The last figure represents an increase over the 2 preceding years principally because of the fact that reports had not been previously filed by private car lines and freight forwarders, from which 102 and 121 annual reports, respectively, were received for 1942. There was an increase in the number of annual reports from stockyard companies and motor carriers, but a decrease in the number filed by other carriers, except pipe lines.

The larger steam railways making up systems in which there are lessors and subsidiaries have filed consolidated statistical statements for 1942 under a recent requirement. Monthly reports of class I

railroads now show depreciation charges for maintenance of way and structures, the accrual of such depreciation having been required by an accounting regulation effective January 1, 1943. Another change in reporting requirements for railroads has to do with the number of female employees by occupations shown in certain representative monthly reports. In July 1943, there were 94,466 female railway employees, amounting to 6.79 percent of the total number.

By order of November 13, 1942, class I steam railways were required to file each month beginning with the month of October 1942, instead of quarterly, reports of freight commodity statistics, including the subdivision by geographic areas. This order was issued in response to requests from the Office of Defense Transportation and the War Production Board to meet their requirements for more nearly current information than was afforded by the quarterly reports.

The cost-finding section of this Bureau during the year prepared analyses of evidence relating to transportation costs in a number of proceedings before the Commission. The section has been engaged also in the development of cost formulas applicable to rail, highway, and water transportation. A formula for ascertaining railroad terminal costs was completed during the year. Another for determining highway trucking costs for carriers of general commodities is now being tested experimentally by application to certain selected carriers. In response to a Senate Resolution, a manuscript entitled "Rail Freight Service Costs in the Various Rate Territories in the United States" was prepared for publication as Senate Document No. 63, Seventy-eighth Congress, First Session.

One important step in the expansion of the research work in this Bureau was the transfer to it of the section of research which was formerly part of the Bureau of Motor Carriers.

Among the statistical and research studies prepared in the Bureau this year are the following:

Freight Revenue and Value of Commodities Transported on Class I Railways in 1941

Rail-highway Grade Crossing Accidents, 1942

Receiverships and Trusteeships, 1894-1942

A Description of the Principal Class-Rate Scales Prescribed by the Interstate Commerce Commission Together with an Analysis of Their Progression for Distance and a Method of Scale Construction

Changes in Funded Debt and Fixed and Contingent Charges of Class I Steam Railways and Their Lessors during 1942, Excluding Railways in Receivership or Trusteeship

A Preliminary Statistical Report on the Leasing of Owner-Operated Equipment of Motor Carriers of Property

#### BUREAU OF VALUATION

Much of the work of the Bureau of Valuation during the past year has been in connection with war activities of other Government

agencies. It was extensively engaged in making appraisals and performing other similar work for the War Department, Navy Department, United States Maritime Commission, Defense Plant Corporation, Federal Works Agency, Office of Defense Transportation, and the War Production Board, on properties being purchased, condemned or leased for war purposes, such as, air fields, shipbuilding and repair plants, shipping and docking facilities, side and spur tracks, and storage and warehouse facilities. During the year, appraisals and reports were made on 131 such projects and work on 17 was in progress and pending. In court proceedings involving condemnation and related matters a number of employees of the Bureau presented testimony for the Government, as expert witnesses.

A special study was made for the Office of Defense Transportation to determine how much rail and other track material would be required by the railroads for maintenance during the calendar years 1943 and 1944. Also, considerable assistance was given by the Bureau to that agency in its study of problems involving pipe-line properties.

At the close of the year the Bureau had under way field work incidental to a valuation of the property of the American Railroad of Puerto Rico for the Office of Defense Transportation in connection with its operation of that carrier.

The Bureau has been called on for an increasing amount of work of immediate importance in connection with the Commission's current regulatory work. For use in setting up new investment accounts after reorganizations or consolidations of railroad companies the Bureau furnished statements or estimates of original cost to 38 carriers, and statements for use in 30 proceedings were under consideration at the close of the year. In consequence of the Commission's requirement of depreciation accounting by railroads for depreciable road property, the Bureau in 1943 supplied statements of original cost of physical properties involved and tentative depreciation rates to 733 operating railroads and 514 lessor companies. Much valuation material was supplied to other bureaus of the Commission for use in formal proceedings before the Commission involving the determination of reasonable rates and financial reorganizations. The Bureau also supplied from time to time the Agriculture, Commerce, and Justice departments with valuation data pertaining to various features of pipe-line and railroad property.

The burden of special assignments and reductions in personnel has seriously interfered with performance of the Bureau's primary function of bringing its valuation data down to date and making them promptly available in response to numerous requests from the Commission, other Government agencies and the general public. Such requests are becoming more frequent, reflecting a growing realization of the many important uses to which this information is adapted.

Despite the difficulties before pointed out, every effort is being made to keep the data fully accessible in emergencies, even though the records may not be fully posted, checked, and correlated.

Attention is directed (1) to the requirement of Section 19a (f) of the Interstate Commerce Act that this Commission keep itself informed with respect to all new construction, extensions, improvements, retirements, or other changes in the condition, quantity, use, and classification of all property as to which original valuations have been made, and the cost of all additions and betterments thereto, and with respect to all changes in the investment therein which have occurred since basic valuations were made, and to have information available "at all times" that will enable us to revise and change our previous inventories, classifications, and values, and (2) to the serious inroads that have been made on the ability of the Bureau to place its records on a current basis because of constant reductions in our forces in the last 10 years.

The records, which have been built up and maintained by the Bureau, being the only such records in existence, are invaluable to us and to the public and should be kept up to date.

#### BUREAU OF WATER CARRIERS AND FREIGHT FORWARDERS

The functions of the Bureau of Water Carriers and Freight Forwarders are described in our last report and the one preceding it. Work of the Bureau under part III and part IV is separately treated below:

#### WATER CARRIERS

Part III has been in full effect for approximately 2½ years. We have substantially completed the development of regulatory methods of applying its provisions. Tariff, accounting, and reporting regulations have been prescribed. In general the carriers have become adjusted to regulation.

An important phase of the regulation involves determination of the character and scope of the past operations performed by the individual carriers and the issuance of certificates and permits for the continuance thereof. To date, of the 969 applications by water carriers for authority to continue or institute operations, 866 have been determined. Two hundred and fifty-six common-carrier certificates of public convenience and necessity, 56 contract-carrier permits, and 83 temporary authorities have been issued: 405 of such applications have been dismissed or denied, principally because applicants are not subject to our jurisdiction under part III of the act.

Section 311 (a) of the act provides that to enable the provision of service for which there is an immediate and urgent need to a point or points or within a territory having no carrier service capable of

meeting such need, we may in our discretion and without hearings or other proceedings, grant temporary authority for such service by a common or contract carrier by water. Such temporary authority shall be valid for such time as we shall specify. Originally authority could not be granted for more than 180 days, but the Second War Powers Act approved March 27, 1942, amended section 311 (a) by eliminating all reference to a period of 180 days.

During the war emergency, many vessels operated by common and contract carriers subject to the act have been taken over by the United States and operated by it or under its direction. This has necessitated the issuance of temporary authority to various common and contract carriers.

During the year ended October 31, 1943, we have granted temporary authority to 21 water carriers subject to the act. Of these, 14 resulted directly from the diversion of other vessels for war purposes and the remainder were granted for reasons not connected with the war. Since the passage of the Second War Powers Act we have generally authorized the continuance of such temporary operations until December 31, 1944, the date on which that act expires, unless the authority is sooner suspended, modified, or set aside by our further order.

Shortly after the war emergency arose we made arrangements with the War Shipping Administration and the Office of Defense Transportation for granting promptly temporary authority to any water carriers to engage in operations pursuant to orders of either the War Shipping Administration or the Office of Defense Transportation where compliance with such order required operating authority from us. This arrangement has been satisfactory.

From the findings of fact in the various reports, it is evident that water-carrier operations are devoted principally, but not entirely, to transportation of commodities in bulk from port to port. Relatively little transportation by water is performed on joint rates. There has been little tendency towards voluntary establishment of through routes and joint rates between common carriers by water or between such carriers and carriers by rail or motor.

Both from the facts of record in decided and pending applications and from preliminary investigations pursuant to section 304 (b), it has become apparent that the extent of our jurisdiction is limited to a small portion of the total transportation by water performed in the United States. As pointed out in our last report, this is due to the broad scope of the exemptions in part III of the act which include the major movements of coal, petroleum, grain, iron ore, and other commodities in bulk. In addition to the large amount of private carriage by water, many water carriers for hire are engaged solely in

exempt transportation or only a small percentage of their total traffic is subject to regulatory provisions of the act.

The transportation of a substantial volume of commodities in bulk is subject to regulation, as many carriers transport such commodities in the same vessel or tow with other commodities; but under section 303 (b)—subject to certain exceptions—transportation of the same commodities in bulk between the same points by the same carriers, or when performed by other carriers, is exempt if not more than three of such commodities and no other commodities are included in the same vessel or tow. This situation tends to permit destructive competition and may prove to be an obstacle to effective regulation.

A similar competitive situation is presented under the "smallcraft" exemption provision of section 303 (g). Division 4 found it necessary to lift the exemption in individual cases where the carriers transport the same commodities between the same ports by the use of both large and small craft. Division 4 has instituted a proceeding (Ex Parte No. 157, Application of Part III to Transportation by Small Craft) to determine whether, and the extent to which, further restriction of the scope of that portion of the exemption provisions of section 303 (g) is necessary.

Incidental to the investigations connected with the disposition of applications for operating authority, we have been accumulating information relating to the business of water carriers, the management thereof, and carrier affiliations with other interests. The groundwork has thus been laid for a thorough study of this subject, including conditions in the industry and the full effect thereon of the impact of the war. Among the purposes of the study will be the determination of the effect of the exemption provisions of part III upon the national transportation system.

Since the beginning of the war, the normal activities of almost all water carriers have been disrupted in varying degrees. Early in 1942, practically all vessels of the coastwise and intercoastal carriers were requisitioned by the United States Government for other use in the war effort. During the last two seasons of navigation, water carriers operating on the Great Lakes made drastic changes in their operations in compliance with requests or orders of Government agencies. The discontinuances of service referred to and changed business conditions resulted in a severe reduction in the aggregate traffic handled by water carriers. A number of carriers operating on inland waterways have suspended all or part of their services; many have on Government direction or request redirected their transportation activities.

It appears inevitable that major adjustments in the operations of many water carriers will take place after the war. Resumption of suspended operations, coupled with the anticipated major adjustments,

will present many complex problems requiring intelligent solution in the postwar transition period.

A summary of the status of the work in connection with water-carrier applications follows:

*Water-carrier applications*

Applications filed to Oct. 31, 1943:

For authority to continue operations under "grandfather" clause	766
For authority for new operations	49
For exemption	416
For authority to extend operations	3
For temporary authority	154

Total <sup>1</sup> 1,388

During period Nov. 1, 1942, to Oct. 31, 1943, inclusive:

Certificates issued:

Authorizing continuance under "grandfather" clause	<sup>2</sup> 133
Authorizing new operations	4

Permits issued:

Authorizing continuance under "grandfather" clause	18
Authorizing new operations	2

Orders issued:

Granting temporary authority	21
Granting exemption	13

Substitution applications:

Approved	5
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Applications dismissed or denied:

For exemption	42
For authority to continue operations under "grandfather" clause	99
For authority for new operations	9
For temporary authority	5

<sup>1</sup> Includes 70 applications withdrawn without docketing.

<sup>2</sup> Five certificates vacated.

	Formal hearing <sup>1</sup>	No formal hearing <sup>2</sup>	Total
Reports issued in connection with applications:			
On applications for exemption	<sup>3</sup> 12	<sup>3</sup> 25	<sup>3</sup> 37
On applications for authority to continue operations under the "grandfather" clause	59	122	181
On applications for new authority	<sup>3</sup> 5	<sup>3</sup> 1	<sup>3</sup> 6
Short-form certificates, permits, and orders issued:			
On applications for authority to continue operations under the "grandfather" clause	3	11	14
Total number of reports issued	59	122	181
Applications pending:			
For authority to continue operations under "grandfather" clause	32	93	125
For authority for new operations	6	6	12
For exemption	1	24	25
For authority to extend operations		1	1
For temporary authority		1	1
Total	39	125	164
Total pending			

<sup>1</sup> Handled by Bureau of Formal Cases.

<sup>2</sup> Handled by Bureau of Water Carriers and Freight Forwarders.

<sup>3</sup> These figures duplicated in number shown on applications for "grandfather" rights.

Temporary authority under part III of the act has been granted in a number of instances to meet emergency needs connected with the prosecution of the war. Utmost cooperation has been extended to the various agencies of the United States interested in meeting such emergencies.

### FREIGHT FORWARDERS

Under the provisions of section 410, a freight forwarder who was engaged in performing service subject to the act May 16, 1942, the date on which part IV became effective, could continue to perform that service for 180 days without a permit, and if it filed an application for a permit within the period of 180 days, it can continue to perform such service until we determine otherwise. The 180-day period expired on November 12, 1942. On or prior to that date, 154 freight forwarders filed applications. Since that date, 6 additional applications have been filed. The Bureau promptly examined all applications, and, where additional information was found necessary, that information has been or is being obtained through correspondence and field investigation. Where the data submitted in support of the applications is sufficient for proper determination, orders granting permits or denying and dismissing applications are being issued without formal hearings. An order granting a permit is made effective 65 days after the order is served, which will give interested parties ample opportunity to request a formal hearing and state any objections they may have to the action taken. Applications against which substantial protests have been filed and applications which involve complicated questions are set for formal hearing.

Twenty permits have been granted and 31 applications have been denied or dismissed. Hearings have been held on a number of other applications, and it is expected that the task of passing upon these applications will be completed without undue delay.

A uniform system of accounts to be maintained by freight forwarders, regulations governing the filing of annual and quarterly reports, and regulations governing extension of credit to the public have been prescribed. A formal hearing was held October 13 to determine what insurance regulations, if any, should be prescribed for freight forwarders.

### LEGISLATIVE RECOMMENDATIONS

In our report for 1942 we said:

Transportation is now, and for some time past has been, devoted very largely to the prosecution of the war. This must necessarily be so for "the duration." It follows that experience during this period has little relation to normal conditions. Under these circumstances, we have concluded that we will not recommend at this time any changes in existing law.

Although conditions have not changed substantially in this respect, it now appears that there is need for a number of clarifying and remedial amendments to the Interstate Commerce Act and certain related statutes, which, we believe, should have the attention of the Congress.

We submit the following recommendations for legislation:

1. We recommend that sections 1 (22), 5 (13), and 20a (1) be amended so as to make these and related paragraphs inapplicable to street, suburban, and interurban electric railways except those which are operated as parts of general steam railroad systems of transportation or are engaged in the general transportation of freight and interchange standard steam railroad freight equipment with steam railroads for transportation in interstate or foreign commerce to or from points on their lines. We further recommend that sections 1 (22) and 5 (2) (a) be amended so as to make them inapplicable to acquisition or operation of spur, industrial, team, switching, or side tracks and of the excepted electric railways.

2. We recommend that section 3 (2) of the Interstate Commerce Act be amended to include the extension of credit for unpaid transportation charges of express companies.

3. We recommend that section 5 (2) (b) be amended by removing therefrom the requirement that "a public hearing shall be held in all cases where carriers by railroad are involved."

4. We recommend that sections 16 (5), 221 (a), and 315 (a) be amended so as to permit service of notices suspending tariffs on a carrier or agent which publishes a joint tariff, in lieu of service on all the carriers parties thereto, and that the first-enumerated section be amended so that it shall not be mandatory upon us that such notices be served on agents of railroad companies in the city of Washington. We further recommend that sections 221 (a) and 315 (a) be amended so as to make it unnecessary to make service on motor carriers and water carriers by registered mail.

5. We recommend that section 20 (6) of the act, providing for access by the Commission to records relating to protective or car service, be amended so as to be applicable to records of "persons which directly or indirectly through rental agreements with shippers or otherwise furnish cars to or for use of any carrier by railroad or express company" subject to part I.

6. We recommend that sections 20 and 20a be amended so as to make them applicable to noncarrier subsidiaries of railroad carriers, at least with respect to their accounting and the issuance of securities, and that restrictions be imposed on the expenditure of carrier funds, the

incurring of obligations, or the acquiring of property by a carrier or its subsidiaries, except for the operation or legitimate improvement or development of its property.

7. We recommend that the various provisions of the act, authorizing the Commission to require reports from carriers and others and to inspect and copy accounts, books, records, etc. (sections 20, 220, 313, and 412) be amended so as to be applicable to associations or organizations maintained by or in the interest of any group of carriers or freight forwarders subject to the act.

8. We recommend that section 411 (c), making it unlawful for a director, officer, employee, or agent of any common carrier subject to the Interstate Commerce Act or of any person controlling, controlled by, or under common control with such a common carrier, in his or their own personal pecuniary interest, to own, lease, control, or hold stock in, any freight forwarder, directly or indirectly, be amended so as to permit such ownership, lease, control, or holding upon authorization by order of the Commission upon due showing that neither public nor private interests will be adversely affected thereby.

9. We recommend that the Federal statutes commonly known as the Transportation of Explosives Act (U. S. Code, title 18, sec. 382-386) be completely rewritten in the light of important developments relating to this subject which have occurred in the 22 years since the last revision of these statutes.

10. We recommend that the Commission be given permanent emergency powers with respect to service by motor carriers and water carriers such as it now has with respect to service by rail carriers. We now have such power temporarily over motor carriers under the Second War Powers Act, which will expire December 31, 1944, or earlier.

11. We recommend that Congress amend the Standard Time Act so as fully to occupy the legislative field respecting standards of time to be observed throughout the Nation.

12. We recommend that land-grant railroad rates be completely abolished.

13. At present the Elkins Act (as amended) is applicable to common carriers subject to part I of the Interstate Commerce Act and to freight forwarders subject to part IV. It is not in terms applicable to common carrier transportation subject to parts II and III, although sections 222 and 317 of those parts contain provisions resembling some of the provisions of the Elkins Act. The latter act has been an effective means of dealing with devices to defeat the published rate or to obtain some other concession or discrimination. In

addition, the Elkins Act contains other valuable provisions, for which no counterpart is found in parts II and III of the Interstate Commerce Act. It is not clear whether or not sections 222 and 317 were intended to complement or to replace the Elkins Act in its application to common carriers by motor and by water. We recommend that consideration be given to the advisability of removing this ambiguity.

J. HADEN ALLDREDGE, *Chairman.*  
CLYDE B. AITCHISON.  
JOSEPH B. EASTMAN.  
CLAUDE R. PORTER.  
WILLIAM E. LEE.  
CHARLES D. MAHAFFIE.  
CARROLL MILLER.  
WALTER M. W. SPLAWN.  
JOHN L. ROGERS.  
WILLIAM J. PATTERSON.  
J. MONROE JOHNSON.

## APPENDIX A

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### SUMMARY OF INDICTMENTS RETURNED AND INFORMATIONS FILED IN UNITED STATES DISTRICT COURTS BETWEEN NOVEMBER 1, 1942, AND OCTOBER 31, 1943, INCLUSIVE, FOR VIOLATIONS OF THE INTER- STATE COMMERCE ACT, PART I, AND THE ELKINS ACT

*United States v. Alco Feed Mills*, northern district of Georgia. September 3, 1943, indictment charging acceptance of concessions through unlawful use of transit billing; 5 counts.

*United States v. American Refrigerator Transit Co.*, southern district of New York. November 27, 1942, information charging granting concessions through making delivery of order-notify shipments in advance of surrender of original bills of lading; 5 counts.

*United States v. American Sanitary Rag Co.*, eastern district of New York. April 3, 1943, information charging acceptance of concessions through false billing; 5 counts.

*United States v. Atlantic & E. C. Ry. Co.*, eastern district of North Carolina. April 5, 1943, indictment charging granting concessions through failure to assess and collect demurrage; 14 counts.

*United States v. Beacon Laundry Service, Inc.*, district of Massachusetts. June 18, 1943, information charging acceptance of concessions through false billing; 4 counts.

*United States v. Beacon Wiper Supply Co.*, district of Massachusetts. June 18, 1943, information charging acceptance of concessions through false billing; 5 counts.

*United States v. L. H. Butcher Co.*, northern district of New York. June 10, 1943, information charging acceptance of concessions through false billing; 3 counts.

*United States v. Robert S. DeBruyn*, western district of Michigan. October 22, 1943, information charging soliciting concessions by failure to declare that shipments of vegetables were iced; 2 counts.

*United States v. Godfrey Cotton Products Corp.*, district of Massachusetts. April 16, 1943, information charging acceptance of concessions through false billing; 5 counts.

*United States v. Grand Trunk Western R. Co.*, western district of Michigan. October 20, 1943, information charging willful failure to observe tariffs by failing to assess icing charges; 5 counts.

*United States v. Horton Wiping Materials Co., Inc.*, eastern district of New York. January 28, 1943, information charging acceptance of concessions through false billing; 1 count.

*United States v. International Pulp Co.*, northern district of New York. June 10, 1943, information charging acceptance of concessions through false billing; 6 counts.

*United States v. Kilby Steel Co.*, northern district of Alabama. September 3, 1943, indictment charging solicitation of concessions whereby demurrage charges would be waived; 20 counts.

*United States v. Oscar M. Kilby*, northern district of Alabama. September 3, 1943, indictment charging solicitation of concessions whereby demurrage charges would be waived; 5 counts.

*United States v. Thomas E. Kilby*, northern district of Alabama. September 3, 1943, indictment charging solicitation of concessions whereby demurrage charges would be waived; 5 counts.

*United States v. The Larsen Company*, western district of Michigan. October 22, 1943, information charging soliciting concessions by failure to declare that shipments of vegetables were iced; 4 counts.

*United States v. Long Island Waste Co., Inc.*, eastern district of New York. January 28, 1943, information charging acceptance of concessions through false billing; 5 counts.

*United States v. Louisiana & A. Ry. Co.*, eastern district of Louisiana. May 11, 1943, indictment charging granting of concessions through delivery of order-notify shipments in advance of surrender of bills of lading; 11 counts.

*United States v. John R. Lyman Co.*, district of Massachusetts. April 16, 1943, information charging acceptance of concessions through false billing; 5 counts.

*United States v. National Lime & Stone Co.*, northern district of Ohio. August 2, 1943, information charging acceptance of concessions through false billing; 2 counts.

*United States v. New Mexico Produce Distributors, Inc.*, southern district of California. July 2, 1943, information charging solicitation of concessions by means of false billing; 6 counts.

*United States v. The New York Central R. Co.*, western district of Michigan. October 22, 1943, information charging willful failure to observe tariffs by failing to assess icing charges; 10 counts.

*United States v. Norfolk S. Ry. Co.*, eastern district of North Carolina. April 5, 1943, indictment charging granting concessions through failure to assess and collect demurrage; 13 counts.

*United States v. Howard S. Palmer et al., Trustees of New York, N. H. & H. R. Co.*, district of Connecticut. February 10, 1943, information charging the granting of concessions by selling coal and delivering it to the Boston Terminal Company at less than the price of the coal at the mines plus the published freight charges; 10 counts.

*United States v. The Pennsylvania R. Co.*, western district of Michigan. October 22, 1943, information charging willful failure to observe tariffs by failing to assess icing charges; 10 counts.

*United States v. C. A. Pollock*, northern district of Ohio. January 12, 1943, indictment charging acceptance of concessions through furnishing false reports of weight; 15 counts.

*United States v. J. K. Pollock*, northern district of Ohio. January 12, 1943, indictment charging acceptance of concessions through furnishing false reports of weight; 39 counts.

*United States v. J. K. Pollock and H. G. Pollock*, northern district of Ohio. January 12, 1943, indictment charging acceptance of concessions through furnishing false reports of weight; 1 count.

*United States v. Reading Co.*, eastern district of Pennsylvania. May 4, 1943, indictment charging failure to strictly observe tariff publishing stop-off privileges; 12 counts; and granting concessions; 3 counts.

*United States v. Carl Savage, Inc., and Carl Savage*, southern district of New York. November 27, 1942, information charging acceptance of concessions by means of obtaining delivery of order-notify shipments in advance of surrender of bills of lading; 5 counts.

*United States v. George C. Schaefer*, northern district of California. January 16, 1943, information charging acceptance of concessions through furnishing false reports of weights; 10 counts.

*United States v. Stauffer Chemical Co. of Texas*, southern district of Texas. December 31, 1942, information charging acceptance of concessions through payment of freight charges based on less than minimum carload weight; 4 counts.

*United States v. Philip E. Thomas*, southern district of California. September 1, 1943, indictment charging acceptance of concessions through false billing; 5 counts.

*United States v. Charles M. Thomson, Trustee of Chicago & N. W. Ry. Co.*, western district of Michigan. October 20, 1943, information charging willful failure to observe tariffs by failing to assess icing charges; 15 counts.

*United States v. Guy A. Thompson, Trustee of Houston & B. V. Ry. Co.*, southern district of Texas. December 31, 1942, information charging failure to strictly observe tariffs by assessing charges on basis of less than minimum carload weight; 8 counts.

*United States v. Guy A. Thompson, Trustee of New Orleans, T. & M. Ry. Co.*, eastern district of Louisiana. May 11, 1943, indictment charging granting of concessions through delivery of order-notify shipments in advance of surrender of bills of lading; 10 counts.

*United States v. Western Maryland Ry. Co.*, district of Maryland. July 23, 1943, information charging granting of concessions by means of unlawful extension of credit for freight charges; 2 counts.

*United States v. Yazoo & M. V. R. Co.*, eastern district of Louisiana. May 11, 1943, indictment charging granting of concessions through delivery of order-notify shipments in advance of surrender of bills of lading; 10 counts.

**SUMMARY OF CASES CONCLUDED IN UNITED STATES DISTRICT COURTS BEWEEN NOVEMBER 1, 1942, AND OCTOBER 31, 1943, INCLUSIVE, FOR VIOLATIONS OF THE INTERSTATE COMMERCE ACT, PART I, AND THE ELKINS ACT**

*United States v. Alco Feed Mills*, northern district of Georgia, indictment charging acceptance of concessions through unlawful use of transit billing. October 8, 1943, plea of nolo contendere entered and fine of \$1,000 imposed.

*United States v. American Refrigerator Transit Co.*, southern district of New York, information charging granting concessions through making delivery of order-notify shipments in advance of surrender by consignee of original bills of lading. January 6, 1943, plea of guilty entered and fine of \$4,000 imposed.

*United States v. American Sanitary Rag Co.*, eastern district of New York, information charging acceptance of concessions through false billing. April 12, 1943, plea of guilty entered and fine of \$3,000 imposed.

*United States v. Atlantic and E. C. Ry. Co.*, eastern district of North Carolina, indictment charging granting concessions through failure to assess and collect demurrage. October 11, 1943, plea of nolo contendere entered and fine of \$1,000 imposed.

*United States v. Beacon Laundry Service, Inc.*, district of Massachusetts, information charging acceptance of concessions through false billing. August 3, 1943, plea of guilty entered and fine of \$1,000 imposed.

*United States v. Beacon Wiper Supply Co.*, district of Massachusetts, information charging acceptance of concessions through false billing. August 3, 1943, plea of guilty entered and fine of \$1,000 imposed.

*United States v. L. H. Butcher Co.*, northern district of New York, information charging acceptance of concessions through false billing. June 10, 1943, plea of guilty entered and fine of \$3,000 imposed.

*United States v. Godfrey Cotton Products Corp.*, district of Massachusetts, information charging acceptance of concessions through false billing. May 11, 1943, plea of guilty entered and fine of \$1,000 imposed.

*United States v. Horton Wiping Materials Co., Inc.*, eastern district of New York, information charging acceptance of concessions through false billing. February 18, 1943, plea of guilty entered and fine of \$1,000 imposed.

*United States v. International Pulp Co.*, northern district of New York, information charging acceptance of concessions through false billing. June 10, 1943, plea of guilty entered and fine of \$3,000 imposed.

*United States v. Long Island Waste Co., Inc.*, eastern district of New York, information charging acceptance of concessions through false billing. February 18, 1943, plea of guilty entered and fine of \$1,000 imposed.

*United States v. Louisiana & A. Ry. Co.*, eastern district of Louisiana, indictment charging granting of concessions through delivery of order-notify shipments in advance of surrender of bills of lading. June 9, 1943, plea of nolo contendere entered and fine of \$4,000 imposed.

*United States v. John R. Lyman Co.*, district of Massachusetts, information charging acceptance of concessions through false billing. May 11, 1943, plea of guilty entered and fine of \$1,000 imposed.

*United States v. National Lime & Stone Co.*, northern district of Ohio, information charging acceptance of concessions through false billing. September 13, 1943, plea of guilty entered and fine of \$5,000 imposed.

*United States v. New Mexico Produce Distributors, Inc.*, southern district of California, information charging solicitation of concessions by means of false billing. July 12, 1943, plea of guilty entered and fine of \$3,000 imposed.

*United States v. Norfolk S. Ry. Co.*, eastern district of North Carolina, indictment charging granting concessions through failure to assess and collect demurrage. October 11, 1943, plea of nolo contendere entered and fine of \$1,000 imposed.

*United States v. Howard S. Palmer et al., Trustees of New York, N. H. & H. R. Co.*, district of Connecticut, information charging the granting of concessions by selling coal and delivering it to Boston Terminal Co. at less than the price of the coal at the mines plus the published freight charges. February 10, 1943, plea of guilty entered and fine of \$10,000 imposed.

*United States v. C. A. Pollock*, northern district of Ohio, indictment charging acceptance of concessions through furnishing false reports of weight. January 20, 1943, plea of guilty entered and sentence to pay fine of \$500 on first count and of \$100 on each of remaining 14 counts imposed.

*United States v. J. K. Pollock*, northern district of Ohio, indictment charging acceptance of concessions through furnishing false reports of weight. January 20, 1943, plea of guilty entered and sentence to pay fine of \$500 on first count and of \$100 on each of the remaining 38 counts imposed.

*United States v. J. K. Pollock and H. G. Pollock*, northern district of Ohio, indictment charging acceptance of concessions through furnishing false reports of weight, January 20, 1943, plea of guilty entered and fine of \$500 imposed on each defendant.

*United States v. Reading Co.*, eastern district of Pennsylvania, indictment charging failure to strictly observe tariff publishing stop-off privileges. July 7, 1943, plea of nolo contendere entered, September 15, 1943, fine of \$1,000 imposed.

*United States v. Carl Savage, Inc., and Carl Savage*, southern district of New York, information charging acceptance of concessions by means of obtaining delivery of order-notify shipments in advance of surrender of bills of lading. January 7, 1943, plea of guilty entered by Carl Savage and fine of \$1,000 imposed; information dismissed as to corporation.

*United States v. George C. Schaefer*, northern district of California, information charging acceptance of concessions through furnishing false reports of weights. January 16, 1943, plea of guilty entered and fine of \$7,500 imposed.

*United States v. Stauffer Chemical Co. of Texas*, southern district of Texas, information charging acceptance of concessions through payment of freight charges based on less than minimum carload weights. December 31, 1942, plea of guilty entered and fine of \$4,000 imposed.

*United States v. Guy A. Thompson, Trustee of Houston & B. V. Ry. Co.*, southern district of Texas, information charging failure to strictly observe tariffs by assessing freight charges on basis of less than minimum carload weights. January 25, 1943, plea of guilty entered and fine of \$8,000 imposed.

*United States v. Guy A. Thompson, Trustee of New Orleans, T. & M. Ry. Co.*, eastern district of Louisiana, indictment charging granting of concessions through delivery of order-notify shipments in advance of surrender of bills of lading. June 9, 1943, plea of nolo contendere entered and fine of \$4,000 imposed.

*United States v. Western Maryland Ry. Co.*, district of Maryland, information charging granting of concessions by means of unlawful extension of credit for freight charges. September 24, 1943, plea of guilty entered and fine of \$2,000 imposed.

*United States v. Yazoo & M. V. Ry. Co.*, eastern district of Louisiana, indictment charging granting of concessions through delivery of order-notify shipments in advance of surrender of bills of lading. June 9, 1943, plea of nolo contendere entered and fine of \$3,000 imposed.

## APPENDIX B

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### SUMMARIES SHOWING ACTION TAKEN SINCE THE PERIOD COVERED BY THE LAST ANNUAL REPORT WITH RESPECT TO CASES INVOLVING ORDERS AND REQUIREMENTS OF THE COMMISSION AND STATUS ON OCTOBER 31, 1943, OF CASES PENDING IN THE COURTS

#### CASES DECIDED BY THE COURTS SINCE OCTOBER 31, 1942

##### SUPREME COURT OF THE UNITED STATES

###### *Royal Cadillac Service, Inc., v. United States.*

For case history see 1942 Annual Report, page 160. On November 9, 1942, the judgment of the district court was affirmed (317 U. S. 595).

###### *Reconstruction Finance Corp. v. Bankers Trust Co., Trustee.*

For case history see 1942 Annual Report, page 158 (In the Matter of St. Louis-S. F. Ry. Co., Debtor). On February 8, 1943, the judgment of the Circuit Court of Appeals for the Eighth Circuit was reversed, and the Commission's jurisdiction over maximum allowances sustained (318 U. S. 163).

###### *Ziffrin, Inc., v. United States.*

For case history see 1942 Annual Report, page 159. On February 1, 1943, the Commission's order was sustained (318 U. S. 73).

###### *Group of Institutional Investors v. Chicago, M., St. P. & P. R. Co.*

###### *Reconstruction Finance Corp. v. Chicago, M., St. P. & P. R. Co.*

For case history see 1942 Annual Report, page 158. On March 15, 1943, the judgment of the Circuit Court of Appeals for the Ninth Circuit was reversed, in part and affirmed in part, and the cause remanded to the district court (318 U. S. 523).

###### *Institutional Bondholders Committee v. Western Pac. R. Corp.*

###### *Reconstruction Finance Corp. v. Western Pac. R. Corp.*

For case history see 1942 Annual Report, page 163. On March 15, 1943, the judgment of the Circuit Court of Appeals for the Ninth Circuit was reversed, and that of the district court affirmed (318 U. S. 448).

###### *Illinois Commerce Comm., Biggs, et al. v. Thomson, Trustee, Chicago & N. W. Ry. Co.*

Appeal from a decision of the United States District Court, Northern District of Illinois, holding that Interstate Commerce Commission's order of January 21, 1942, in *Ex Parte* 148, superseded State commutation fares on the C. & N. W. Ry. Co. in the Chicago area.

In compliance with request of the Supreme Court, on February 23, 1943, a brief, *amicus curiae*, was filed on behalf of the Commission on the meaning and application of the Commission's order of January 21, 1942, in *Ex Parte* 148, and on the sufficiency of the findings to support it, and on April 12, 1943, the judgment of the district court was reversed (318 U. S. 675).

###### *Noble dba Noble Transit Co. v. United States.*

For case history see 1942 Annual Report, page 160. On November 4, 1942, the case was docketed on appeal to the Supreme Court and on May 3, 1943, the judgment of the district court was affirmed (319 U. S. 88).

###### *L. T. Barringer & Co. v. United States.*

For case history see 1942 Annual Report, page 160. On May 3, 1943, the judgment of the district court was affirmed (319 U. S. 1).

###### *Levin v. United States.*

For case history see 1942 Annual Report, page 165; under *Drake v. United States*. On March 19, 1943, the case was docketed on appeal to the Supreme Court, and on May 17, 1943, motion to affirm was granted, and the judgment of the district court affirmed (319 U. S. ——).

###### *Interstate Commerce Commission v. Columbus & G. Ry. Co.*

For case history see 1942 Annual Report, page 160. On January 5, 1943,

the case was docketed on appeal to the Supreme Court, and on June 7, 1943, the Commission's order was sustained (319 U. S. 551).

*Interstate Commerce Commission v. Inland Waterways Corp.*

*Interstate Commerce Commission v. Cargill, Inc.*

For case history see 1942 Annual Report, page 159. On June 14, 1943, judgment of the district court was reversed and the Commission's order sustained (319 U. S. 671).

*Keeshin Motor Express Co., Inc., v. Interstate Commerce Commission*, 320 U. S. \_\_\_\_.

Petition to the Supreme Court for writ of certiorari to review decision of Circuit Court of Appeals, Seventh Circuit, affirming the action of the United States District Court, Northern District of Illinois, Eastern Division, in granting injunction on petition of the Commission, restraining Keeshin Motor Express Co., Inc., from further departures from its published tariffs.

On June 14, 1943, petition for certiorari was filed on behalf of appellant, and on October 11, 1943, the petition was denied.

*Chicago & N. W. Ry. Co. v. Mutual Savings Bank Group Committee*, 320 U. S. \_\_\_\_.

*In the Matter of Chicago & North Western Ry. Co. Debtor*, 320 U. S. \_\_\_\_.

For case history see 1942 Annual Report, page 158. On April 19, 1943, the Supreme Court denied petitions for writs of certiorari.

*Riss & Co. v. United States*, 320 U. S. \_\_\_\_.

For case history see page 142 this volume. On October 25, 1943, decree of the district court was affirmed *per curiam* on authority of *Gregg Cartage & Storage Co. v. United States*, 316 U. S. 74.

#### COURT OF APPEALS, STATE OF NEW YORK

*Transit Commission v. Long Island R. Co.*

For case history see page 145 this volume.

#### DISTRICTS COURTS OF THE UNITED STATES

*Hoboken Mfrs. R. Co. v. United States*, district of New Jersey.

For case history see 1942 Annual Report, page 164. On November 24, 1942, the Commission's order was set aside (47 Fed. Supp. 779), and on April 15, 1943, the case was docketed on appeal to the Supreme Court.

*McLean Trucking Co., Inc., v. United States*, southern district of New York.

For case history see 1942 Annual Report, page 165. On December 8, 1942, the Commission's order was sustained (48 Fed. Supp. 933), and on April 15, 1943, the case was docketed on appeal to the Supreme Court.

*National Movers & Warehouse Corp. v. Interstate Commerce Commission*, southern district of New York.

For case history see 1942 Annual Report, page 166. On December 2, 1942, the Commission's order was sustained (48 Fed. Supp. 284), and on April 21, 1943, the case was discontinued because not appealed within the time prescribed by law.

*Gomez, dba National Movers of Boston, v. Interstate Commerce Commission*, district of Massachusetts.

For case history see 1942 Annual Report, page 166. On December 22, 1942, the Commission's order was sustained (48 Fed. Supp. 286), and on March 1, 1943, the case was discontinued because not appealed within the time prescribed by law.

*Virginia Stage Lines, Inc., v. United States*, western district of Virginia.

For case history see 1942 Annual Report, page 167. On December 21, 1942, the Commission's order was sustained (48 Fed. Supp. 79), and on March 1, 1943, the case was discontinued because not appealed within the time prescribed by law.

*Royal Cadillac Service, Inc., v. United States*, southern district of New York.

Suit to set aside Commission's order of September 9, 1942, in Docket No. MC-95462-3, *Royal Cadillac Service, Inc., New York, N. Y.*, 34 M. C. C. 787, finding that applicant had failed to establish rights under sec. 207 for a certificate of convenience and necessity as a common carrier by motor vehicle of passengers and their baggage between New York, N. Y., and Roscoe, N. Y., over a specified route through New Jersey.

On October 8, 1942, the petition was filed, and on December 15, 1942, the Commission's order was sustained. On April 6, 1943, the case was discontinued because not appealed within the time prescribed by law.

*Eastern Central Motor Carriers Assn. v. United States*, southern district of New York.

For case history see 1942 Annual Report, page 166. On January 5, 1943, the Commission's order was sustained (48 Fed. Supp. 432), and on June 16, 1943, the case was docketed on appeal to the Supreme Court.

*Crescent Express Lines, Inc., v. United States*, southern district of New York.

For case history see 1942 Annual Report, page 166. On March 6, 1943, the Commission's order was sustained (49 Fed. Supp. 92), and on May 17, 1943, the case was docketed on appeal to the Supreme Court.

*Thomson, Trustee, Chicago & N. W. Ry. Co., v. United States*, northern district of Illinois, eastern division.

Suit to set aside Commission's order of November 26, 1941, in Docket No. MC-42614, *Chicago & N. W. Ry. Co. Common Carrier Application*, 31 M. C. C. 299, insofar as it denied plaintiff's application for a certificate of convenience and necessity authorizing continuance of operations previously instituted by it as a common carrier by motor vehicle in interstate commerce of general commodities between a number of plaintiff's railway stations in Illinois, Iowa, Nebraska, Wisconsin, Michigan, and South Dakota.

On December 30, 1942, the bill of complaint was filed, and on March 19, 1943, the Commission's order was sustained. On May 23, 1943, the case was docketed on appeal to the Supreme Court.

*Byers Transp. Co. v. United States*, western district of Missouri.

For case history see 1942 Annual Report, page 165. On November 14, 1942, the proceeding was remanded to the Commission for more definite statement of factual basis for the Commission's decision (48 Fed. Supp. 550), and on April 3, 1943, the court entered an opinion dismissing the complaint (49 Fed. Supp. 828). On June 7, 1943, the case was discontinued because not appealed within the time prescribed by law.

*Tex-O-Kan Flour Mills Co. v. United States*, northern district of Texas, Dallas division.

Suit to set aside Commission's Service Order No. 103, of January 12, 1943, ordering, on account of the emergency found to exist, all railroads not to accept or move grain, in carloads, originating in a foreign country and moving by railroad through the United States, all rail, to points in another foreign country, and forbidding such railroads to furnish cars for such service.

On February 25, 1943, the bill of complaint was filed, and on March 15, 1943, the court entered a decree granting Commission's motion to dismiss because of improper venue (49 Fed. Supp. 516). On June 1, 1943, the case was discontinued because not appealed within the time prescribed by law.

*Shawmut Transp. Co., Inc., v. United States*, district of Massachusetts.

Suit to set aside a portion of the Commission's order of August 7, 1942, in Docket No. MC-51006 (Sub-No. 1), *Shawmut Transp. Co., Inc. Common Carrier Application*, 34 M. C. C. 569, wherein the Commission found that applicant had failed to establish a right to a certificate under the "grandfather" clause of sec. 206 (a), authorizing operations as a common carrier by motor vehicle over regular routes between certain points in Massachusetts, Rhode Island, New York, New Jersey, and Pennsylvania, due to cessation of operations following bankruptcy proceedings.

On January 21, 1943, the bill of complaint was filed, and on April 6, 1943, the Commission's order was held invalid (49 Fed. Supp. 831). On August 1, 1943, the case was discontinued due to the proceeding having been reopened by the Commission for further consideration.

*Braswell v. United States*, western district of Texas, El Paso division.

Suit to set aside Commission's order of October 6, 1939, in Docket No. MC-63110, *Jones Contract Carrier Application*, 19 M. C. C. 687, finding applicant entitled to continue operations as a common carrier by motor vehicle, under the "grandfather" clause, of edible nuts from San Antonio, Texas, to Los Angeles, Calif., and of general commodities, with certain exceptions, from Los Angeles to San Antonio, over a described regular route.

On January 25, 1943, the bill of complaint was filed, and on April 13, 1943, the Commission's order was held invalid (49 Fed. Supp. 940). On June 26, 1943, the case was discontinued, the Commission having voted not to appeal, but to reopen the proceeding for further consideration.

*State of Idaho v. United States*, district of Utah, central division.

Suit to enjoin, set aside and annul Commission's order and certificate of January 12, 1943, in F. D. No. 13751, *Oregon Short Line R. R. Co. Abandonment*, permitting abandonment of the Paris Branch of the Oregon Short Line R. R., consisting of approximately 9.495 miles of railroad beginning at Montpelier,

Idaho, and extending to Paris, Idaho, and wholly within Bear Lake County, Idaho. On February 9, 1943, the bill of complaint was filed, and on April 17, 1943, final decree dismissing complaint for lack of jurisdiction was entered by the court. On June 18, 1943, the case was discontinued because not appealed within the time prescribed by law.

*Public Service Commission of New York v. United States*, southern district of New York.

Suit to enjoin, set aside and annul Commission's order and certificate of March 20, 1943, in F. D. No. 13914, *New York Central R. R. Abandonment*, permitting abandonment of the Yonkers Branch of the New York Central, extending from Van Courtlandt Park Jct., New York City, to Getty Square, Yonkers, N. Y., 3.1 miles.

On May 21, 1943, the bill of complaint was filed, and on June 10, 1943, the injunction was denied and the complaint dismissed (50 Fed. Supp. 497). On June 19, 1943, the case was docketed on appeal to the Supreme Court.

*Riss & Co., Inc., v. United States*, northern district of Oklahoma.

For case history see 1941 Annual Report, page 159. On June 23, 1943, final decree was entered by the court dismissing the suit on authority of *Gregg Cartage & Storage Co. v. United States*, 316 U. S. 74, and on September 20, 1943, the case was docketed on appeal to the Supreme Court. On October 25, 1943, decree of the District Court was affirmed *per curiam* on authority of *Gregg Cartage & Storage Co. v. U. S.*, 316 U. S. 74.

*Wabash R. Co. v. United States*, southern district of Illinois.

For case history see 1942 Annual Report, page 165. On June 10, 1943, the Commission's order was set aside (51 Fed. Supp. 141), and on October 26, 1943, the case was docketed on appeal to the Supreme Court.

*Pacific Inland Tariff Bureau v. United States*, western district of Washington.

For case history see 1942 Annual Report, page 166. On June 10, 1943, the Commission's order was sustained (50 Fed. Supp. 376).

*Chicago, St. P., M. & O. Ry. Co. v. United States*, district of Minnesota, fourth division.

For case history see 1942 Annual Report, page 167. On June 12, 1943, the court entered a decree sustaining the Commission's order (50 Fed. Supp. 249).

*Wright, dba Wright Motor Lines, v. United States*, western district of North Carolina, Asheville division.

For case history see page 145 this volume.

*Schenley Distilleries Corp. v. United States*, district of Delaware.

Suit to set aside Commission's order of October 23, 1942, in Docket No. MC-103763-TA, *Application of Schenley Distilleries Motor Division, Inc., Lawrenceburg, Ind.*, wherein the Commission found that applicant had not established, under Sec. 210a (a) of the Interstate Commerce Act, that there exists an immediate and urgent need for temporary authority to render service as a motor carrier in interstate or foreign commerce from 14 points in the States of New Jersey, Pennsylvania, Maryland, Indiana, and Kentucky, to all points in 19 different States and the District of Columbia.

On March 26, 1943, the bill of complaint was filed, and on June 16, 1943, the Commission's action concerning temporary authority was sustained. On July 30, 1943, the court entered a decree dismissing the petition for failure to state a cause of action (50 Fed. Supp. 491). On September 30, 1943, the case was discontinued because not appealed within the time prescribed by law.

*Bondurant v. United States*, middle district of North Carolina, Greensboro division.

Suit to set aside Commission's order of June 17, 1943 (petition for reconsideration denied February 1, 1943), in Docket No. MC-5712, *Bondurant Common Carrier Application*, 34 M. C. 175, insofar as it denied to plaintiff the right to transport rayon yarn from Roanoke and Covington, Ky., Parkersburg, W. Va., Meadville and Marcus Hook, Pa., Kingsport, Tenn., and Amecelle, Md., to all points in North Carolina.

On March 27, 1943, the bill of complaint was filed, and on July 7, 1943, the injunction was denied and the complaint dismissed (50 Fed. Supp. 704). On September 6, 1943, the case was discontinued because not appealed within the time prescribed by law.

*Cornell Steamboat Co. v. United States*, southern district of New York.

Suit to set aside Commission's order of February 2, 1943, in Docket No. W-359, *Cornell Steamboat Co. Common Carrier Application*, 250 I. C. 577, wherein the Commission found that applicant was entitled to continue operation as a common carrier by water, by towing vessels, in the performance of towage of

non-self-propelled freight-carrying vessels, loaded or light, within the limits of New York Harbor, on the Hudson River between New York Harbor and Waterford, N. Y., and all intermediate points.

On April 3, 1943, the petition was filed, and on July 9, 1943, the Commission's order was sustained and the complaint dismissed. On September 25, 1943, the case was docketed on appeal to the Supreme Court.

*Trans-American Freight Lines, Inc., v. United States*, district of Delaware.

For case history see 1942 Annual Report, page 167. On August 10, 1943, the Commission's order was sustained (51 Fed. Supp. 405).

*State of Idaho v. United States*, district of Utah, central division.

Suit to enjoin, set aside and annul Commission's order and certificate of January 12, 1943, in F.D. No. 13751, *Oregon Short Line R. R. Co. et al. Abandonment*, permitting abandonment of the Paris Branch of the Oregon Short Line R. R. Co., consisting of approximately 9.495 miles of railroad beginning at Montpelier, Idaho, and extending to Paris, Idaho, and wholly within Bear Lake County, Idaho.

On June 15, 1943, the complaint was filed, and on August 9, 1943, after argument, the complaint was dismissed.

*Kansas City & Leavenworth Transp. Co., a Corp. v. United States*, district of Delaware.

For case history see page 147 this volume.

*Red Ball, Inc., v. United States*, northern district of Oklahoma.

For case history see 1942 Annual Report, page 166. On November 24, 1942, the Commission's order was held invalid.

*Smith, dba J. A. Moorehouse, v. United States*, district of Minnesota.

For case history see page 143 this volume.

*Marshall Transport Co., Inc., v. United States*, district of Maryland.

For case history see page 148 this volume. On October 16, 1943, the Commission's order was held invalid.

*Pennsylvania R. Co. v. United States*, district of New Jersey.

For case history see 1942 Annual Report, page 165. On October 9, 1943, the Commission's order was sustained in part and set aside in part.

*Chicago & N. W. Ry. Co. v. United States*, northern district of Illinois, eastern division.

For case history see page 147 this volume.

*Greyvan Lines, Inc. v. United States*, northern district of Illinois, eastern division.

For case history, see page 146 this volume.

#### CASES DISCONTINUED

##### CIRCUIT COURT OF APPEALS, SECOND CIRCUIT

*In the Matter of New York, N. H. & H. Reorganization.*

For case history see 1941 Annual Report, page 160, and 1942 Annual Report, page 159.

On April 29, 1943, the court entered an order discontinuing the appeals on stipulation of the parties.

##### DISTRICT COURTS OF THE UNITED STATES

*Beasley, dba B. & D. Transp. Co., v. United States*, eastern district of Missouri. For case history see 1942 Annual Report, page 165.

On January 1, 1943, the case was discontinued because not appealed within the time prescribed by law.

*Atlantic Lumber Corp. v. Southern Pac. Co.*, district of Oregon.

For case history see 1941 Annual Report, page 161, and 1942 Annual Report, page 164.

On February 15, 1943, the case was discontinued because not appealed within the time prescribed by law.

*Smith, dba J. A. Moorehouse, v. United States*, district of Minnesota.

Suit to set aside Commission's order of September 18, 1942, in Docket No. MC-481, *Moorehouse Common Carrier Application*, wherein the Commission found that Ora D. Smith, as successor in interest, was not entitled to a certificate as a common carrier by motor vehicle of general commodities under the "grandfather" clause between points in Illinois, Indiana, Wisconsin, Iowa, and Minnesota, over irregular routes.

On December 22, 1942, the bill of complaint was filed, and on February 23, 1943, the case was dismissed by the court because remedies before the Commission had not been exhausted by plaintiff, and on March 10, 1943, decree of dismissal was entered by the court. On May 11, 1943, the case was discontinued because not appealed within the time prescribed by law.

*Goncz, dba National Movers of Boston, v. Interstate Commerce Commission*,  
district of Massachusetts.

For case history see 1942 Annual Report, page 166, and page 140 this volume.

*Virginia Stage Lines, Inc., v. United States*, western district, of Virginia.

For case history see 1942 Annual Report, page 167, and page 140 this volume.

*National Movers & Warehouse Corp. v. Interstate Commerce Commission*,  
southern district of New York.

For case history see 1942 Annual Report, page 166, and page 140 this volume.

*Interstate Commerce Commission v. Youngstown & S. Ry. Co.*, northern district  
of Ohio.

For case history see 1939 Annual Report, page 150, and 1940 Annual Report,  
page 145.

On May 17, 1943, notice and motion for order dismissing action were filed by  
the Commission, and on June 2, 1943, the court dismissed the suit on the basis  
of no further record.

*Byers Transp. Co. v. United States*, western district of Missouri.

For case history see page 141 this volume.

*Silver Dart Lines, Inc., v. United States*, district of New Jersey.

Suit to set aside Commission's report on reconsideration, dated October 13,  
1942, in Docket No. MC-F-1546, approving the purchase by Quaker City Bus  
Company of operating rights of Blackhawk Line, Inc. (37 M. C. C. 629; 38  
M. C. C. 603).

On November 16, 1942, bill of complaint was filed, and on May 19, 1943, the case  
was dismissed on stipulation of the parties.

*State of Idaho v. United States*, district of Utah, central division.

For case history see page 141 this volume.

*Tex-O-Kan Flour Mills Co. v. United States*, northern district of Texas, Dallas  
division.

For case history see page 141 this volume.

*Braswell v. United States*, western district of Texas, El Paso division.

For case history see page 141 this volume.

*McCracken v. United States*, district of Oregon.

For case history see 1942 Annual Report, page 164.

On August 24, 1943, the case was discontinued because not appealed within  
the time prescribed by law.

*St. Johnsbury Trucking Co. v. United States*, district of Vermont.

For case history see 1942 Annual Report, page 165.

On August 2, 1943, the case was discontinued due to the Commission's order  
having been rescinded and the proceeding reopened for further consideration.

*Shawmut Transp. Co., Inc., v. United States*, district of Massachusetts.

For case history see page 141 this volume.

*Wilson & Co., Inc., v. United States*, northern district of Illinois.

For case history see 1942 Annual Report, page 167.

On January 11, 1943, the effective date of the Commission's orders was post-  
poned indefinitely, and on January 20, 1943, the parties, by stipulation, agreed  
to continuance of the case generally, with leave to any party to call it up on  
20 days' notice.

*Anheuser-Busch, Inc., v. United States*, northern district of Illinois.

Suit to enjoin and set aside, in part, Commission's orders of October 1, 1940,  
and September 8, 1942, in Docket No. 20769, *Charges for Protective Service to  
Perishable Freight*, insofar as said orders require respondents to establish on  
or before December 15, 1942, the prescribed charges for supervision, ice haulage,  
and accounting services, in connection with plaintiff's shipments of beer moving  
under Sec. 4 of the Perishable Protective Tariff. (215 I. C. C. 684; 241 I. C. C.  
503.)

On November 20, 1942, the bill of complaint was filed. On January 11, 1943,  
the effective date of the Commission's orders was postponed indefinitely, and  
on January 20, 1943, the parties by stipulation, agreed to continuance of the  
case generally, with leave to any party to call it up on 20 days' notice.

*Schenley Distilleries Corp. v. United States*, district of Delaware.

For case history see page 142 this volume.

*Bondurant v. United States*, middle district of North Carolina, Greensboro division.

For case history see page 142 this volume.

*Wright, dba Wright Motor Lines, v. United States*, western district of North Carolina, Asheville division.

Suit to set aside Commission's order of June 23, 1942, in Docket No. MC-74367, *Wright Common Carrier Application*, 34 M. C. C. 817, insofar as it restricted the territory in which plaintiff could operate as a common carrier by motor vehicle of general commodities.

On January 29, 1943, the bill of complaint was filed, and on July 7, 1943, the complaint was dismissed by the court and final decree entered (50 Fed. Supp. 758). On October 1, 1943, the case was discontinued because not appealed within time prescribed by law.

*Eliason and Rismon v. United States*, northern district of Illinois, eastern division.

Suit to set aside Commission's order of July 24, 1943, in F. D. No. 14001, *Chicago, M., St. Paul & P. R. R. Co. Trustee's Abandonment*, authorizing abandonment of a branch line of the Milwaukee R. R. between Woodruff and Star Lake, approximately 16.8 miles, all in Oneida and Vilas Counties, Wis.

On September 14, 1943, the bill of complaint was filed, and on October 4, 1943, on plaintiffs' motion, the case was dismissed by the court for lack of jurisdiction.

#### CASES PENDING

##### SUPREME COURT OF THE UNITED STATES

*McLean Trucking Co., Inc., v. United States*.

For case history see page 140 this volume.

*Interstate Commerce Commission v. Hoboken Mfrs. R. Co.*

For case history see page 140 this volume.

*Crescent Express Lines, Inc., v. United States*.

For case history see page 141 this volume.

*Eastern Central Motor Carriers Assn. v. United States*.

For case history see page 141 this volume.

*Thomson, Trustee, Chicago & N. W. Ry. Co. v. United States*.

For case history see page 141 this volume.

*Public Service Commn. of New York v. United States*.

For case history see page 142 this volume.

*Cornell Steamboat Co. v. United States*.

For case history see page 142 this volume.

*Wabash R. Co. v. United States*.

For case history see page 142 this volume.

##### COURT OF APPEALS, STATE OF NEW YORK

*Transit Commission v. Long Island R. Co.*

This case, now pending on appeal from the Supreme Court of New York County, which enjoined the Long Island R., the Staten Island Rapid Transit R., and the New York Central R. from charging standard passenger fares intrastate in New York State increased by 10 percent, on the ground that the Commission's order of January 21, 1942, in Ex Parte 148 did not require intrastate increases, and had no application to intrastate fares in New York.

In response to the invitation of the court for an expression of the Commission's views as to the effect of the Ex Parte No. 148 order upon standard intrastate fares in New York, a brief as *amicus curiae* on behalf of the Interstate Commerce Commission was filed on July 16, 1943. On October 14, 1943, judgment of the lower court was reversed, the injunction vacated, and the Commission's order sustained.

##### DISTRICT COURTS OF THE UNITED STATES

*Inland Motor Freight v. United States*, eastern district of Washington.

For case history see 1942 Annual Report, page 164.

*In the Matter of Chicago, R. I. & P. Ry. Co., Debtor*, northern district of Illinois, eastern division.

For case history see 1942 Annual Report, page 164.

*The Menard Truck Co. v. United States*, southern district of California, central division.

For case history see 1942 Annual Report, page 164.

*Pennsylvania R. Co. v. United States*, district of New Jersey.

For case history see 1942 Annual Report, page 165, and page 143, this volume.

*Summit Fast Freight, Inc., v. United States*, northern district of Ohio.

For case history see 1942 Annual Report, page 165.

*North-South Freightways, Inc., v. United States*, southern district of New York.

For case history see 1942 Annual Report, page 166.

*Greyvan Lines, Inc., v. United States*, northern district of Illinois, eastern division.

For case history see 1942 Annual Report, page 166. On January 29, 1943, the case was argued and submitted for decision, and on March 26, 1943, the Commission's order was sustained.

*Spring Valley Motor Coach Co., Inc., v. United States*, southern district of New York.

Suit to set aside Commission's order of July 9, 1942, in Docket No. MC-59730, *Ramapo Valley Rapid Transit Corp. Common Carrier Application*, wherein the Commission issued to applicant a certificate authorizing continuance of operations as a common carrier by motor vehicle of passengers and their baggage from points in New York to New York City, Washington, D. C., and points in New Jersey and return, over irregular routes.

On December 18, 1942, the bill of complaint was filed, and the Commission's answer was filed on January 30, 1943.

*Rockland Coaches, Inc., v. United States*, southern district of New York.

Suit to enjoin the Commission's certificate in Docket No. MC-101618, *Stewart William Osborne Common Carrier Application*, authorizing operations as a common carrier of passengers and their baggage in round-trip charter operations between points in New Jersey within a radius of 30 miles of Ramapo Township, and to New York, N. Y., during the season from September 1 to June 30, of each year. (34 M. C. C. 821.)

*North Coast Transp. Co. & Independent Stages, Inc., v. United States*, northern district of California, southern division.

Suit to set aside Commission's order of October 6, 1943, in Docket No. MC-89037, *West Coast Bus Lines, Ltd., Common Carrier Application*, (32 M. C. C. 619 and 41 M. C. C. 269), wherein public convenience and necessity was found to require operation by applicant as a common carrier by motor vehicle, of passengers and their baggage between San Francisco, and Seattle, Wash., over a regular route, with particular reference to that portion of the order authorizing operation between Portland and Seattle.

On March 15, 1943, the bill of complaint was filed, and the case was argued and submitted for decision on September 14-15, 1943.

*Auclair v. United States*, district of Massachusetts.

Suit to set aside Commission's order of August 10, 1942, in Docket No. MC-75872, *Boston & Maine Transp. Co. Common Carrier Application* (30 M. C. C. 697 and 34 M. C. C. 599), granting a certificate to conduct operations as a common carrier by motor vehicle in interstate or foreign commerce in lieu of Big Three, Inc.

On March 20, 1943, the bill of complaint was filed, and on May 3, 1943, the Commission's intervention and answer were filed.

*Pacific Inland Tariff Bureau v. United States*, western district of Washington.

For case history see page 142 this volume.

*Trans-American Freight Lines, Inc., v. United States*, district of Delaware.

For case history see page 143 this volume.

*Red Ball, Inc. v. United States*, northern district of Oklahoma.

For case history see page 143 this volume.

*State of Idaho v. United States*, district of Utah, central division.

For case history see page 143 this volume.

*Chicago, St. P., M. & O. Ry. Co. v. United States*, district of Minnesota, fourth division.

For case history see page 142 this volume.

*Hanna Furnace Corp. v. United States*, western district of New York.

Suit to set aside Commission's 67th Supplemental Report of November 11, 1942, in *Ex Parte 104, Part II, Terminal Services*, wherein the Commission found that the carriers' obligation, under their line-haul rates, did not extend beyond the present points of interchange, and payment by them for switching services beyond those points was unlawful. (253 I. C. C. 613.)

On March 9, 1943, the petition was filed, and on May 25, 1943, the case was argued and submitted for decision.

*Illinois-Minnesota Motor Carriers' Conference, Inc., v. United States*, district of Minnesota, fourth division.

Suit to set aside Commission's order of March 11, 1943, in Docket No. MC-1759, authorizing lease by Ralph D. Holt to Standard Freight Lines, Inc., of operating rights of Holt, under Docket No. MC-41382 (Sub-No. 1). (34 M. C. C. 125.)

On April 29, 1943, the bill of complaint was filed, and on May 17, 1943, the Commission's answer was filed.

*Kansas City & Leavenworth Transp. Co., a Corp., v. United States*, district of Delaware.

Suit to set aside Commission's order of December 15, 1942, in Docket No. MC-61616 (Sub-No. 24), *Missouri Pacific Transp. Co. Extension—Fort Leavenworth* (41 M. C. C. 545), granting a certificate to a competitor under sec. 207, on the ground that there is no evidence to support a finding of convenience and necessity involved in service incidental to present operations.

On June 5, 1943, the bill of complaint was filed, and on September 21, 1943, the complaint was dismissed (51 Fed. Supp. 916).

*Brotherhood of Locomotive Firemen & Enginemen v. Interstate Commerce Commission*, District of Columbia.

Suit to compel the Commission to take jurisdiction to determine whether the Nevada Consolidated Copper Corp., or the Nevada Northern Ry. Co., is the employer, within the meaning of the Railway Labor Act, of the persons operating ore trains between Ruth and McGill, Nev., such jurisdiction having been denied in Ex Parte No. 72 (Sub-No. 1), *Employees of the Nevada Consolidated Copper Corp. and/or the Nevada Northern Ry. Co.*, 246 I. C. C. 757.

On June 11, 1943, the bill of complaint was filed, and on July 17, 1943, the Commission's answer was filed.

*Chicago & N. W. Ry Co. v. United States*, northern district of Illinois, eastern division.

Suit to annul and set aside Commission's orders in F. D. No. 10881, Chicago and N. W. Ry. Co. Reorganization, (1) of December 12, 1939, approving the plan of reorganization (236 I. C. C. 575); (2) of April 2, 1940, approving the modified plan (239 I. C. 613); and (3) of June 7, 1943, dismissing petition of bankrupt for reopening and modification of plan of reorganization.

On July 1, 1943, the bill of complaint was filed, and on September 30, 1943, the complaint was dismissed.

*DeBardeleben Coal Corp., dba Coyle Lines, v. United States*, western district of Pennsylvania.

Suit to set aside Commission's decision of April 5, 1943, in Docket No. W-104, *Union Barge Line Corp. Applications*, wherein the Commission found that the Union Barge Line Corp. was entitled to a certificate covering transportation on the Gulf Intracoastal Waterway and on the Mississippi River between Cairo, Ill., and St. Louis, Mo., in addition to the authority previously conferred upon it. (250 I. C. C. 249; 250 I. C. C. 689.)

On July 27, 1943, the complaint was filed, and on October 11, 1943, the case was argued and submitted for decision.

*Bush Transfer, Inc., v. United States*, western district of North Carolina, Statesville division.

Suit to set aside Commission's report and certificate of February 15, 1943, in Docket No. MC-2420, *J. W. Turnmire Common Carrier Application*, insofar as it denied to applicant a certificate authorizing the transportation of general commodities between Lenoir, N. C., and all points within 75 miles thereof, on the one hand, and all points in Virginia, Maryland, Pennsylvania, New York, New Jersey, and the District of Columbia, on the other hand. (28 M. C. C. 803; 41 M. C. C. 841.)

On August 11, 1943, the bill of complaint was filed, and on September 13, 1943, the Commission's answer was filed.

*Boston Tow Boat Company v. United States*, district of Massachusetts.

Suit to set aside Commission's certificate of May 22, 1943, in Docket No. W-412, *Boston Tow Boat Co. Contract Carrier Application*, wherein it was found that, contrary to applicant's contention that it was a contract carrier, applicant was a common carrier by water and entitled to continue operations as such by towing vessels in the performance of general towage between ports and points along the north Atlantic Coast, by reason of having been engaged in such operations on January 1, 1940, and continuously since.

On August 20, 1943, the petition was filed, and on September 21, 1943, the Commission's answer was filed.

*John J. Casale, Inc., v. United States*, district of Delaware.

Suit to set aside Commission's order of August 2, 1943, in Docket No. MC-20314, Application of John J. Casale, denying applicant's petition to withdraw its application for a certificate or permit.

On September 1, 1943, the complaint was filed, and on October 25, 1943, the case was argued and submitted for decision.

*Alabama Highway Express, Inc., v. United States*, northern district of Alabama, southern division.

Suit to set aside Commission's order of July 6, 1942, in Docket No. MC-71516, insofar as it denied operating rights to plaintiff, which it sought in its "grandfather" clause application.

On September 7, 1943, the complaint was filed.

*Marshall Transport Co., Inc., v. United States*, district of Maryland.

Suit to set aside Commission's order of August 3, 1943, effective October 17, 1943, in Docket No. MC-F-1936, *Refiners Transport & Terminal Corp.—Purchase—Marshall* (39 M. C. 271), dismissing application for right to purchase property and franchises of Marshall Transport Co., on the ground of nonjoinder of Union Tank Car Co., a noncarrier controlling Refiners, as party applicant.

On September 10, 1943, the complaint was filed, and on September 20, 1943, the case was argued and submitted for decision. On October 16, 1943, the Commission's order was held invalid.

*City of Jersey City v. United States*, district of New Jersey.

Suit to set aside Commission's order of August 3, 1943, and November 2, 1943, in I. and S. Docket No. 4394, insofar as it permits the Hudson & Manhattan R. R. Co. to collect passenger fares in excess of 8 cents.

On September 13, 1943, the complaint was filed, and on September 25, 1943, the Commission's answer was filed.

*Harrison Motor Freight v. United States*, district of New Jersey.

Suit to set aside Commission's report and order of November 10, 1942, in Docket No. MC-29512, Application of Harrison Motor Freight, wherein the Commission found applicant entitled to continue operation as a common carrier by motor vehicle (a) of general commodities, with exceptions, between New Jersey points and points in Massachusetts and Rhode Island, and (b) of specified commodities from and to points in Connecticut, Massachusetts, and Pennsylvania.

On September 27, 1943, the bill of complaint was filed, and on October 25, 1943, the case was argued and submitted on motion for interlocutory injunction.

*Pyramid Moving Co. v. United States*, northern district of Ohio, eastern division.

Suit to annul and set aside, in part, Commission's orders of March 1, 1943, and July 28, 1943, in Docket No. MC-33500, in so far as they deny to plaintiff the right to transport household goods from, to and between points in the United States, other than those specified in par. IV of the complaint, and the District of Columbia.

On September 30, 1943, the complaint was filed.

*Ross Towboat Co. v. United States*, district of Massachusetts.

Suit to enjoin, set aside, suspend and annul, and/or to have modified, Commission's certificate and order of July 30, 1943, which certified that public convenience and necessity require operation by plaintiff as a common carrier by water of towing vessels in the performance of general towage, in interstate or foreign commerce, upon certain waters therein specified, and ordered that plaintiff be authorized to perform the said general towage services as a common carrier under said certificate.

On October 14, 1943, the complaint was filed.

*American Trucking Assns., Inc. v. United States*, district of Virginia.

Suit to vacate and set aside Commission's orders in Dockets Nos. MC-86687 and MC-86687 Sub-Nos. 1, 10, 15, 18, and 19, under dates of July 11, 1939, 17 M. C. C. 413; January 24, 1941, 28 M. C. C. 5; July 6, 1942, 34 M. C. C. 441, and November 30, 1942, granting certificates of convenience and necessity for common carrier truck operations auxiliary to rail service.

On October 21, 1943, the bill of complaint was filed.

*Union Van Corp. v. United States*, northern district of Illinois, eastern division. Suit to set aside Commission's order of February 23, 1943, in Docket No. MC-45485, denying application for a certificate of public convenience and necessity as a common and contract carrier under sections 206a and 209a of the Motor Carrier Act.

On October 23, 1943, the petition was filed.

*Erie R. R. Co. v. United States*, southern district of Ohio, eastern division.

Suit to set aside Commission's order of April 9, 1943, in Docket No. 28813, *Summer & Co. v. Erie R. R. Co.*, wherein the Commission found unreasonable for the past rates on scrap iron or steel, in carloads, from origins in Indiana and Michigan to destinations in Ohio, and prescribed a reasonable basis of rates for the future. (255 I. C. C. 475.)

On October 15, 1943, the complaint was filed.

## APPENDIX C

### STATISTICAL SUMMARIES

A. Statistics of railway development since 1932.  
 B. Statistics from monthly and other periodical reports of carriers.

#### A. Statistics of Railway Development

Data for years preceding 1932 for most of the tables appear in prior reports.

TABLE I.—*Mileage operated and mileage owned by steam railways in the United States, 1932-42*

Year ended Dec. 31—	Road owned in the United States <sup>1</sup> (first main track)	Total miles of all tracks operated, excluding trackage rights <sup>2</sup>	Mileage operated by classes I, II, and III line-haul railways (including trackage rights)			
			First main track	Second or additional main tracks	Yard track and sidings	All tracks
1932	247,595	408,346	258,869	42,556	126,977	428,402
1933	245,703	405,064	256,741	42,397	126,526	425,664
1934	243,857	401,620	254,882	42,109	125,410	422,401
1935	241,822	398,396	252,930	41,916	124,382	419,228
1936	240,104	395,263	251,542	41,731	123,108	416,381
1937	238,539	393,030	250,582	41,579	122,411	414,572
1938	236,842	389,704	248,474	41,589	121,261	411,324
1939	235,064	386,819	246,922	41,445	119,983	408,350
1940	233,670	385,178	245,740	41,373	118,862	405,975
1941	231,971	382,439	244,263	41,166	118,196	403,625
1942	229,174	378,570	241,737	41,137	116,753	399,627

<sup>1</sup> Includes mileage of some small companies that do not make annual reports to the Commission.

<sup>2</sup> Includes mileage of classes I, II, and III line-haul railways and switching and terminal companies.

TABLE II.—*Equipment of steam railways, including switching and terminal companies in service at the close of each year, 1932-42<sup>1</sup>*

Year ended Dec. 31—	Number of locomotives	Average tractive effort <sup>2</sup>	Number of freight cars (excluding cabooses)	Average capacity <sup>2</sup>	Number of passenger-train cars	
					Pounds	Tons
1932	56,732	46,299	2,184,690	47.0		50,598
1933	54,228	46,916	2,072,632	47.5		47,677
1934	51,423	47,712	1,973,247	48.0		44,884
1935	49,541	48,367	1,867,381	48.3		42,426
1936	48,009	48,972	1,790,043	48.8		41,390
1937	47,555	49,412	1,776,428	49.2		40,949
1938	46,544	49,803	1,731,096	49.4		39,931
1939	45,172	50,395	1,680,519	49.7		38,977
1940	44,333	50,905	1,684,171	50.0		38,308
1941	44,375	51,217	1,732,673	50.3		38,334
1942	44,671	51,811	1,773,735	50.5		38,446

<sup>1</sup> Privately owned cars and cars owned by the Pullman Co. are not included. In 1942, privately owned freight-carrying cars numbered 274,219 and cars owned by the Pullman Co., 7,134.

<sup>2</sup> Class I steam railways.

TABLE III.—*Railway capital actually outstanding and net income, 1932-42: Steam railways, excluding switching and terminal companies*

Year ended Dec. 31—	Total rail-way capital	Funded debt unmatured <sup>1</sup>	Stock	Ratio of debt to capital	Net in- come <sup>2</sup>	Ratio of net in- come to stock
1932	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Percent</i>	<i>Thousands</i>	<i>Percent</i>
1932	\$22,831,547	\$12,788,785	\$10,042,762	56.0	\$121,630	—
1933	22,656,920	12,629,828	10,027,092	55.7	26,543	0.26
1934	22,412,057	12,453,507	9,958,550	55.6	23,282	.23
1935	22,079,551	12,154,349	9,925,202	55.0	52,177	.53
1936	21,961,035	12,031,385	9,929,650	54.8	221,591	2.23
1937	21,694,645	11,881,981	9,812,664	54.8	146,351	1.49
1938	21,428,320	11,639,907	9,788,413	54.3	87,468	—
1939	21,193,501	11,419,945	9,773,556	53.9	141,134	1.44
1940	21,047,280	11,277,306	9,769,974	53.6	243,148	2.49
1941	20,707,778	11,208,816	9,498,962	54.1	557,672	5.87
1942	20,471,191	10,970,648	9,500,543	53.6	992,843	10.45

<sup>1</sup> Does not include long-term debt in default. For class I railways and their nonoperating subsidiaries such debt amounted to \$879,972 (thousands) at the close of 1942.

<sup>2</sup> Intercorporate duplications not eliminated, but amounts shown correspond with the stock in the second preceding column. Deficits shown in italics.

TABLE IV.—*Dividends, 1932-42: Steam railways, including lessor companies, but excluding switching and terminal companies*

Year ended Dec. 31—	Proportion of stock paying dividends <sup>1</sup>	Amount of dividends <sup>1</sup>	Average rate on—	
			Dividend-paying stock <sup>1</sup>	All stock
1932	<i>Percent</i>	<i>Thousands</i>	<i>Percent</i>	<i>Percent</i>
1932	32.85	\$150,774	4.57	1.50
1933	31.11	158,790	5.09	1.58
1934	34.26	211,767	6.21	2.13
1935	34.39	202,568	5.94	2.04
1936	36.20	231,733	6.45	2.33
1937	39.64	227,596	5.85	2.32
1938	32.07	136,270	4.34	1.39
1939	32.64	179,412	5.62	1.84
1940	38.29	216,522	5.79	2.22
1941	40.65	239,438	6.20	2.52
1942	56.37	254,088	4.74	2.67

<sup>1</sup> Includes figures for lessors and operating railways without excluding duplications on account of intercorporate payments. Stock dividends for the last 11 years have been as follows: \$1,572,000 in 1932; and \$15,436,348 in 1936.

TABLE V.—*Reported property investment and selected income items, 1932-42: Operating steam railways, excluding switching and terminal companies*

Year ended Dec. 31—	Investment <sup>1</sup>	Invest- ment per mile of road	Deprecia- tion re- serve	Net railway operating income <sup>2</sup>	Other in- come <sup>3</sup>	Fixed charges and other deductions <sup>4</sup>	Dividends declared <sup>5</sup>
	<i>Thousands</i>			<i>Thousands</i>		<i>Thousands</i>	
1932	\$ 26,086,991	\$106,337	\$2,632,922	\$325,332	\$226,092	\$701,500	\$97,245
1933	25,901,962	106,437	2,707,942	477,326	213,592	703,745	98,443
1934	25,681,608	106,279	2,764,726	465,896	203,941	694,360	136,018
1935	25,500,465	106,339	2,771,404	505,415	186,228	686,688	131,448
1936	25,432,388	106,783	2,809,063	675,600	182,821	693,479	175,332
1937	25,636,082	108,235	2,950,848	597,841	170,337	670,291	172,795
1938	25,595,739	108,871	3,044,972	376,865	150,566	654,023	85,329
1939	25,538,157	109,331	3,102,779	595,961	156,050	658,505	129,386
1940	25,646,014	110,449	3,095,237	690,554	163,385	662,848	166,506
1941	25,668,984	111,352	3,240,145	1,009,592	169,519	674,455	189,750
1942	25,838,351	113,364	3,561,570	1,499,364	175,296	764,055	206,118

<sup>1</sup> Includes investment of operating, lessor, and proprietary companies. Proprietary companies do not render annual reports to the Commission but information concerning them is given in reports of the operating companies.

<sup>2</sup> This term, as defined in the Interstate Commerce Act, means "railway operating income, including in the computation thereof debits and credits arising from equipment rents and joint facility rents."

<sup>3</sup> Includes amounts received as interest or dividends on railroad securities owned by reporting carriers. See Statistics of Railways, table 109.

<sup>4</sup> The interest included represents accruals, not payments. In 1942, the interest accrued on unmatured funded debt and long-term debt in default in excess of payments was \$72,298,441 for class I steam railways.

<sup>5</sup> Does not exclude duplication on account of intercorporate payments. Excludes dividends declared by lessor companies. Stock dividends for the last 11 years have been as follows: \$1,572,000 in 1932; and \$15,436,348 in 1936.

<sup>6</sup> Includes investment of lessor and proprietary companies, as follows, but excludes investment of proprietary companies in systems which file consolidated annual reports combining the mileage, investment, and other items on a net system basis.

Year	Lessor companies	Proprietary companies	Year	Lessor companies	Proprietary companies
	<i>Thousands</i>	<i>Thousands</i>		<i>Thousands</i>	<i>Thousands</i>
1932	\$4,578,876	\$1,121,945	1937	4,174,633	848,173
1933	4,577,564	1,096,264	1938	4,105,320	840,033
1934	4,306,287	890,581	1939	4,104,416	853,848
1935	4,302,199	861,716	1940	4,093,043	809,391
1936	4,690,072	861,696	1941	4,000,275	818,060
			1942	3,933,048	803,280

<sup>7</sup> Includes amortization of defense projects.

TABLE VI.—*Operating revenues, operating expenses, and taxes, class I steam railways, 1932-42*

Year ended Dec. 31—	Operating revenues	Freight revenues	Passenger revenues	Operating expenses	Railway tax accruals <sup>1</sup>	Ratios to revenues		
						Mainte- nance of way and structures	Mainte- nance of equipment	Total op- erating expenses
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Percent</i>	<i>Percent</i>	<i>Percent</i>
1932	\$3,126,760	\$2,446,864	\$376,539	\$2,403,445	\$276,061	11.23	19.80	76.87
1933	3,095,404	2,488,848	328,957	2,249,232	251,757	10.41	19.34	72.66
1934	3,271,567	2,629,302	345,890	2,441,823	241,813	11.17	19.50	74.64
1935	3,451,929	2,786,118	357,493	2,592,741	239,441	11.41	19.75	75.11
1936	4,052,734	3,302,894	412,144	2,931,425	322,392	11.22	19.32	72.33
1937	4,166,069	3,370,959	442,518	3,119,065	329,401	11.90	19.84	74.87
1938	3,565,491	2,852,112	405,598	2,722,199	343,194	11.78	18.97	76.35
1939	3,995,004	3,244,445	416,531	2,918,210	358,445	11.69	19.17	73.05
1940	4,296,601	3,528,782	416,897	3,089,417	398,725	11.57	19.06	71.90
1941	5,346,700	4,443,405	514,633	3,664,232	555,329	11.28	18.56	68.53
1942	7,465,823	5,944,344	1,028,186	4,601,083	1,203,756	10.67	16.22	61.63

<sup>1</sup> Includes lessor companies

TABLE VII.—Number and compensation of employees, class I steam railways, 1932-42

Year ended Dec. 31—	Average number of employees during year <sup>1</sup>	Compensation of railway employees <sup>2</sup>		
		Total	Ratio to revenues	Ratio to expenses
1932	1,031,703	<i>Thousands</i>	<i>Percent</i>	<i>Percent</i>
1933	971,196	1,512,816	48.38	62.94
1934	1,007,702	1,403,841	45.35	62.41
1935	994,371	1,519,352	46.44	62.22
1936	1,065,624	1,643,879	47.62	63.40
1937	1,114,663	1,848,636	45.61	63.06
1938	939,171	1,985,447	47.66	63.66
1939	987,675	1,746,141	48.97	64.14
1940	1,026,848	1,863,334	46.64	63.85
1941	1,139,925	1,964,125	45.71	63.58
1942	1,270,687	2,331,650	43.61	63.63
		2,932,070	39.27	63.73

<sup>1</sup> This is the average of 12 counts made at middle of month and differs from the number of persons receiving pay during the month or year regardless of whether for a long or short period.

<sup>2</sup> In 1942, \$2,767,013 (thousands) or 94.37 percent of the reported compensation, was chargeable to operating expenses.

TABLE VIII.—Transportation service performed by steam railways, 1932-42, excluding switching and terminal companies

Year ended Dec. 31—	Freight service					Passenger service		
	Revenue tons originated	Revenue tons carried 1 mile	Loaded-car miles	Average haul		Passenger-carried	Passenger-miles	Average journey per passenger <sup>1</sup>
				United States as a system	For the individual road			
1932	678,854	235,309	10,430	346.63	191.45	481	16,997	35.36
1933	733,391	250,651	10,776	341.77	189.53	435	16,368	37.64
1934	802,276	270,292	11,657	336.91	187.65	452	18,069	39.96
1935	831,656	283,637	12,076	341.05	188.77	448	18,509	41.31
1936	1,011,530	241,182	14,031	337.29	188.94	492	22,460	45.60
1937	1,075,237	362,815	14,702	337.43	188.14	500	24,695	49.42
1938	819,733	291,866	12,266	356.05	196.87	455	21,657	47.65
1939	954,924	335,375	13,639	351.21	193.91	454	22,713	50.02
1940	1,069,045	375,369	14,777	351.13	192.75	456	23,816	52.22
1941	1,295,860	477,576	18,172	368.54	198.59	489	29,406	60.18
1942	1,498,477	640,992	21,536	427.76	217.55	672	53,747	79.93

<sup>1</sup> This average is affected by the changing ratio of commutation traffic to the total traffic.

TABLE IX.—Carload, trainload, and density of traffic, class I steam railways, 1932-42

Year ended Dec. 31—	Ton-miles revenue and nonrevenue freight per loaded freight-car mile	Revenue ton-miles per train-mile	Passenger-miles per car-mile	Passenger-miles per train-mile	Revenue ton-miles per mile of road	Passenger-miles per mile of road
1932	24.75	600	10	40	968,772	70,467
1933	25.44	635	10	43	1,035,707	68,100
1934	25.48	639	11	47	1,124,542	75,730
1935	25.79	662	11	48	1,185,368	78,116
1936	26.77	703	13	55	1,432,154	95,232
1937	27.07	724	13	59	1,530,667	105,377
1938	26.04	691	12	55	1,235,843	93,544
1939	26.86	743	13	58	1,427,115	98,559
1940	27.59	781	13	61	1,602,009	103,621
1941	28.41	845	15	73	2,044,237	128,413
1942	31.78	968	22	125	2,760,479	236,400

TABLE X.—*Average receipts per ton, per ton-mile, per passenger, and per passenger-mile, 1932-42*

Year ended Dec. 31—	Average amount received for each ton originated	Revenue per ton-mile	Average receipts per passenger	Revenue per passenger-mile
1932	\$3.661	1.056	\$0.785	2.221
1933	3.448	1.009	.758	2.015
1934	3.330	.989	.767	1.920
1935	3.404	.998	.800	1.936
1936	3.318	.984	.839	1.840
1937	3.189	.945	.888	1.796
1938	3.539	.904	.894	1.877
1939	3.453	.983	.920	1.839
1940	3.353	.955	.916	1.755
1941	3.480	.944	1.056	1.754
1942	4.022	.940	1.533	1.917

TABLE XI.—*Fuel consumed by steam locomotives, and rails and ties laid, class I steam railways, not including switching and terminal companies, 1932-42*

Year ended Dec. 31—	Bituminous coal	Anthracite coal	Fuel oil		Total fuel <sup>1</sup>	Rails applied in replacement and betterment (all tracks)	Ties laid in previously constructed tracks	
			Net tons	Thousands of gallons			Cross ties	Switch and bridge ties
1932	66,497,832	327,484	1,759,124	11,001,819	77,858,747	797,320	39,190,473	140,565,691
1933	66,198,465	477,574	1,709,032	10,668,937	77,384,143	862,298	37,295,716	134,148,930
1934	70,495,547	608,079	1,868,381	11,667,945	82,810,885	1,165,304	43,306,205	155,248,532
1935	71,334,736	508,229	1,998,176	12,920,919	84,782,729	1,159,039	44,326,151	156,535,925
1936	81,129,740	484,537	2,353,484	15,106,820	96,755,785	1,701,350	47,361,015	167,377,828
1937	82,666,673	473,286	2,581,441	16,561,713	99,732,944	1,974,597	47,729,538	159,429,849
1938	68,793,756	432,683	2,240,299	14,402,304	83,664,267	1,202,943	41,363,224	141,887,780
1939	73,935,025	719,200	2,334,571	15,020,974	89,718,757	1,719,306	45,088,278	147,044,571
1940	79,628,318	285,653	2,502,868	16,118,796	96,066,679	1,911,513	43,620,653	145,553,116
1941	91,655,061	432,080	3,025,461	19,497,035	111,616,334	2,228,822	47,224,593	144,599,723
1942	109,618,324	263,371	3,905,096	25,128,332	135,037,207	2,250,280	48,616,228	136,944,189

<sup>1</sup> In the statement of consumption of fuel by locomotives, 1 cord of hardwood is considered as equivalent to  $\frac{2}{3}$  of a ton of fuel and 1 cord of softwood as equivalent to  $\frac{1}{2}$  of a ton of fuel. The ratio used in reducing fuel oil to tons of fuel is left to the experience of each road. Figures include data for cordwood, also a small amount of miscellaneous fuel. Does not include equivalent tons for fuel consumed by motive power units, other than steam locomotives, which in 1942 amounted to 7,020,011 tons.

TABLE XII.—*Selected data from annual reports of class I steam railways, 1942 and 1941, by districts*

Item	All districts		Eastern district	
	Year ended Dec. 31—			
	1942	1941	1942	1941
Railway operating revenues (thousands)-----	\$7,465,823	\$5,346,700	\$3,062,743	\$2,330,691
Railway operating expenses:				
Total (thousands)-----	\$4,601,083	\$3,664,232	\$2,004,286	\$1,636,958
Maintenance of way and structures (thousands)-----	\$796,358	\$603,088	\$318,396	\$247,348
Maintenance of equipment (thousands)-----	\$1,211,037	\$992,613	\$535,829	\$460,588
Transportation—rail line (thousands)-----	\$2,241,807	\$1,771,852	\$1,013,797	\$814,601
Net railway operating income (thousands)-----	\$1,484,519	\$998,256	\$536,732	\$396,602
Freight-service statistics:				
Freight revenue (thousands)-----	\$5,944,344	\$4,443,405	\$2,390,017	\$1,897,602
Revenue tons originated (thousands)-----	1,421,187	1,227,650	563,566	522,226
Total revenue tons carried (thousands)-----	2,796,920	2,280,267	1,375,979	1,167,028
Revenue tons carried 1 mile (thousands)-----	637,983,503	475,072,001	252,050,867	191,749,820
Revenue per ton-mile (cents)-----	0.932	0.935	0.948	0.989
Revenue ton-miles per mile of road-----	2,760,479	2,044,237	4,425,172	3,346,120
Freight train-miles (thousands)-----	666,437	567,727	230,188	196,792
Revenue ton-miles per train-mile-----	968	845	1,111	987
Loaded car-miles (thousands)-----	21,442,458	18,083,571	8,006,113	6,907,919
Empty car-miles (thousands)-----	12,693,049	10,192,436	4,931,895	3,847,420
Ton-miles revenue and nonrevenue freight per loaded car-mile-----	31.78	28.41	33.11	29.52
Average haul per road (miles)-----	228.10	208.34	183.18	164.31
Passenger-service statistics:				
Passenger revenue (thousands)-----	\$1,028,186	\$514,633	\$467,757	\$264,430
Passengers carried (thousands)-----	667,287	485,399	467,269	352,396
Passenger-miles (thousands)-----	53,658,615	29,350,229	23,340,872	14,583,360
Revenue per passenger-mile (cents)-----	1.92	1.75	2.00	1.81
Passenger-miles per mile of road-----	236,400	128,413	428,706	266,295
Average journey per passenger (miles)-----	80.41	60.47	49.95	41.38
Passenger-miles per train-mile-----	125	73	133	88
Item	Southern district		Western district	
	Year ended Dec. 31—			
	1942	1941	1942	1941
Railway operating revenues (thousands)-----	\$1,428,975	\$1,010,534	\$2,974,105	\$2,005,475
Railway operating expenses:				
Total (thousands)-----	\$819,631	\$637,701	\$1,777,166	\$1,389,573
Maintenance of way and structures (thousands)-----	\$140,239	\$103,310	\$337,723	\$252,430
Maintenance of equipment (thousands)-----	\$232,972	\$184,330	\$442,236	\$347,695
Transportation—rail line (thousands)-----	\$380,728	\$295,274	\$847,282	\$661,977
Net railway operating income (thousands)-----	\$292,566	\$230,716	\$655,221	\$370,938
Freight-service statistics:				
Freight revenue (thousands)-----	\$1,155,961	\$867,181	\$2,398,366	\$1,678,622
Revenue tons originated (thousands)-----	352,968	299,457	504,653	405,967
Total revenue tons carried (thousands)-----	586,007	470,734	834,934	642,505
Revenue tons carried 1 mile (thousands)-----	136,346,089	105,913,824	249,586,553	177,408,357
Revenue per ton-mile (cents)-----	0.848	0.819	0.961	0.946
Revenue ton-miles per mile of road-----	3,116,553	2,400,476	1,914,807	1,355,356
Freight train-miles (thousands)-----	142,087	119,120	294,162	251,815
Revenue ton-miles per train-mile-----	970	897	855	709
Loaded car-miles (thousands)-----	4,143,542	3,499,045	9,292,803	7,676,607
Empty car-miles (thousands)-----	2,627,371	2,095,549	5,133,783	4,249,467
Ton-miles revenue and nonrevenue freight per loaded car-mile-----	34.95	32.34	29.23	25.64
Average haul per road (miles)-----	232.67	225.00	298.93	276.12
Passenger-service statistics:				
Passenger revenue (thousands)-----	\$200,814	\$86,502	\$359,615	\$163,701
Passengers carried (thousands)-----	91,428	61,538	108,590	71,465
Passenger-miles (thousands)-----	10,331,505	5,005,706	19,986,238	9,761,163
Revenue per passenger-mile (cents)-----	1.94	1.73	1.80	1.68
Passenger-miles per mile of road-----	236,154	113,451	155,187	75,274
Average journey per passenger (miles)-----	113.00	81.34	184.05	136.59
Passenger-miles per train-mile-----	135	72	114	59

## B. Statistics From Monthly and Other Periodical Reports of Carriers

TABLE A.—*Railway operating revenues, railway operating expenses, and net railway operating income, by months, 1939-43, class I steam railways, excluding switching and terminal companies*

	1943	1942	1941	1940	1939
Miles of road operated..	229,218	229,800	231,811	232,492	233,160

## RAILWAY OPERATING REVENUES

January-----	\$671,334,151	\$480,688,115	\$377,374,190	\$345,639,123	\$305,778,767
February-----	663,533,786	462,482,830	358,413,499	313,594,852	276,904,334
March-----	756,250,563	540,300,226	416,319,161	327,131,789	315,091,017
April-----	748,797,981	572,530,415	375,008,369	321,567,097	282,117,754
May-----	759,330,727	601,063,798	442,285,876	343,494,649	302,617,948
June-----	747,364,547	623,687,416	455,022,722	344,952,789	321,616,735
July-----	791,195,970	665,181,540	485,446,306	366,220,237	332,435,852
August-----	800,232,733	683,806,778	493,674,008	381,538,438	344,399,562
September-----	776,539,302	697,792,146	488,978,901	382,714,515	381,117,880
October-----		745,584,165	517,604,960	413,712,272	419,717,399
November-----		690,108,128	457,011,853	375,498,853	368,026,739
December-----		702,995,272	479,560,154	381,936,980	345,180,252
12 months-----		1,746,227,054	1,534,699,998	1,4298,001,598	1,3995,004,243

## RAILWAY OPERATING EXPENSES

January-----	\$424,201,291	\$348,738,936	\$268,971,743	\$257,395,976	\$232,946,449
February-----	408,459,307	327,603,933	255,590,196	240,579,920	220,619,933
March-----	449,440,079	360,152,483	283,328,538	248,634,646	240,358,779
April-----	442,148,637	366,755,740	274,938,371	245,877,517	227,622,288
May-----	454,361,704	375,447,890	296,590,475	252,854,916	237,411,054
June-----	451,945,538	378,472,014	298,932,432	252,507,423	241,785,658
July-----	466,657,986	390,476,947	310,034,946	262,064,921	241,962,092
August-----	467,287,517	399,292,303	313,843,279	267,571,190	247,621,627
September-----	478,074,365	399,705,707	312,288,197	266,239,661	251,166,939
October-----		416,430,354	361,513,715	276,780,299	271,538,049
November-----		406,389,194	335,614,115	259,517,849	256,170,301
December-----		431,873,000	352,589,088	266,148,818	249,006,533
12 months-----		1,4601,429,943	1,3664,232,235	1,3090,173,137	1,2918,209,705

## MAINTENANCE OF WAY AND STRUCTURES

January-----	\$73,038,417	\$49,472,894	\$36,738,168	\$33,945,314	\$31,375,988
February-----	72,039,479	47,520,095	36,145,377	33,222,303	30,597,113
March-----	80,422,735	54,832,217	41,168,148	36,383,946	34,675,291
April-----	83,495,011	62,369,156	45,461,554	39,665,922	36,459,178
May-----	87,899,006	66,162,533	51,640,349	44,187,205	41,826,338
June-----	92,084,958	69,579,961	52,532,563	45,302,346	44,379,672
July-----	93,636,943	73,487,147	54,709,486	46,946,771	43,186,402
August-----	96,883,797	77,248,454	56,209,812	48,516,173	43,862,401
September-----	95,358,343	75,637,517	56,023,638	45,739,460	42,916,549
October-----		75,930,228	62,632,348	47,216,460	44,176,304
November-----		71,213,130	53,965,478	39,611,914	38,092,758
December-----		72,879,985	55,862,182	36,429,969	35,282,824
12 months-----		1,796,383,461	1,603,088,380	1,497,167,786	1,466,830,717

<sup>1</sup> Includes certain corrections not appearing in monthly figures.

TABLE A.—*Railway operating revenues, railway operating expenses, and net railway operating income, by months, 1939–43, class I steam railways, excluding switching and terminal companies—Continued*

## MAINTENANCE OF EQUIPMENT

	1943	1942	1941	1940	1939
January	\$107,733,323	\$94,430,819	\$74,219,856	\$68,978,746	\$62,105,960
February	105,115,681	89,961,913	71,265,850	64,985,513	58,960,882
March	115,120,688	98,059,345	73,568,702	66,666,934	65,159,441
April	113,609,451	99,099,595	74,863,857	65,267,825	58,927,063
May	115,673,430	99,752,629	80,997,206	65,423,840	59,220,509
June	115,095,936	100,935,981	80,939,704	65,854,879	61,852,394
July	119,502,631	100,951,390	83,234,063	69,322,759	61,039,743
August	117,100,858	102,782,140	84,138,974	70,530,994	63,192,294
September	120,541,127	102,357,202	83,151,619	68,410,234	64,824,135
October		106,980,178	96,649,298	74,028,150	73,553,444
November		104,892,969	91,040,655	69,077,134	70,802,890
December		110,841,642	93,545,288	70,556,099	66,296,405
12 months		1,211,083,070	1,902,612,933	1,819,103,106	1,765,935,263

## TRANSPORTATION EXPENSE

	1943	1942	1941	1940	1939
January	\$210,657,167	\$176,985,410	\$134,536,372	\$131,369,136	\$117,101,747
February	199,597,832	163,950,690	125,673,083	120,174,222	109,455,898
March	220,546,176	179,226,113	140,155,114	122,885,664	118,172,058
April	211,874,558	177,247,663	131,149,656	118,168,721	110,205,043
May	217,165,484	181,437,336	140,297,169	120,264,970	113,829,958
June	210,913,919	179,150,910	141,186,174	118,137,928	112,915,180
July	218,940,787	186,674,713	147,676,709	122,841,060	115,269,955
August	219,299,573	189,828,909	149,336,430	125,886,937	117,980,807
September	226,694,226	191,551,014	148,984,443	123,941,092	121,247,357
October		202,406,922	175,206,301	133,047,279	131,425,013
November		199,051,713	164,538,377	128,658,200	124,975,874
December		214,446,843	176,218,953	136,017,596	125,215,019
12 months		1,241,990,544	1,774,958,783	1,150,392,805	1,147,793,911

NET RAILWAY OPERATING INCOME <sup>2</sup>

	1943	1942	1941	1940	1939
January	\$105,304,320	\$66,850,765	\$62,017,440	\$46,012,810	\$32,947,172
February	106,132,776	64,345,273	58,135,957	32,856,489	18,637,706
March	129,647,038	90,571,693	80,170,452	37,034,270	34,375,047
April	127,059,362	101,596,294	52,074,740	34,120,523	15,323,766
May	128,169,021	109,667,562	88,104,433	47,408,236	25,172,741
June	109,655,122	118,737,993	93,316,121	48,090,783	39,166,788
July	120,611,205	133,625,235	106,381,904	57,725,166	48,996,611
August	124,561,490	135,928,942	111,411,489	66,530,181	54,567,356
September	110,175,208	155,062,969	104,358,836	74,715,435	86,529,622
October		184,715,008	94,047,046	87,638,354	101,716,356
November		148,948,998	68,933,019	71,560,226	70,414,617
December		170,850,986	79,332,410	78,850,744	60,981,299
12 months		1,480,940,760	1,998,286,708	1,682,543,218	1,588,829,078

<sup>1</sup> Includes certain corrections not appearing in monthly figures.<sup>2</sup> For meaning of this term see table V, footnote 2.

TABLE A-2.—*Other income and deductions, by months, 1939-43, class I steam railways, excluding switching and terminal companies*

## OTHER INCOME

Month	1943	1942	1941	1940	1939
January	\$13,021,923	\$12,633,725	\$12,399,532	\$11,749,878	\$12,417,602
February	10,855,484	11,035,747	10,614,688	10,184,902	9,959,551
March	12,054,855	11,562,429	11,117,538	11,885,382	9,707,157
April	12,438,954	11,681,581	10,666,070	10,967,442	10,567,202
May	12,754,060	11,556,253	11,643,920	11,571,524	10,750,235
June	10,725,945	15,979,933	15,541,024	15,124,357	13,492,219
July	16,504,328	14,212,423	14,729,425	13,300,792	12,001,399
August	14,274,199	11,865,873	12,239,740	11,028,491	10,433,058
September	15,369,609	11,959,470	12,331,944	11,674,364	11,035,246
October		12,980,585	12,874,888	12,106,349	11,047,877
November		17,591,303	13,631,186	14,933,571	17,078,555
December		40,093,338	39,158,252	34,539,388	32,376,572
12 months		1,182,565,843	1,176,948,215	1,169,066,442	1,160,866,266

## INTEREST, RENTS, AND OTHER DEDUCTIONS

January	\$55,381,752	\$55,499,311	\$54,988,204	\$53,965,388	\$53,833,175
February	55,109,746	53,818,694	54,065,489	53,136,028	52,707,994
March	57,050,807	57,025,071	55,959,364	53,601,743	54,322,959
April	56,597,062	55,801,227	55,442,383	54,078,181	53,514,744
May	55,191,127	57,512,171	56,607,877	54,832,557	54,238,053
June	55,754,728	56,971,845	55,509,841	55,597,627	53,923,948
July	54,840,628	57,581,214	57,023,655	54,484,161	54,231,208
August	54,364,024	57,815,347	57,569,087	55,410,713	54,760,372
September	55,626,987	61,339,172	56,923,934	55,250,466	56,302,569
October		62,122,315	52,764,008	56,556,170	56,053,856
November		55,230,780	53,177,127	55,983,699	54,432,293
December		129,466,661	63,089,062	62,737,604	56,629,447
12 months		1,760,307,969	1,673,841,843	1,666,544,753	1,654,950,210

NET INCOME <sup>2</sup>

January	\$62,979,830	\$23,945,968	\$19,428,763	\$3,797,302	\$8,468,402
February	61,818,808	21,515,785	14,685,163	10,094,640	24,110,743
March	84,651,085	45,109,051	35,328,623	4,682,087	10,240,752
April	82,901,254	57,476,651	7,298,423	8,990,217	27,623,773
May	85,731,956	63,711,644	43,140,477	4,147,202	18,315,076
June	70,626,341	77,746,073	53,347,311	7,617,507	1,264,946
July	82,278,032	90,256,446	64,087,669	16,541,799	6,766,805
August	84,471,665	89,979,467	66,082,142	22,147,953	10,240,043
September	69,977,815	105,633,272	59,766,847	31,139,331	41,262,297
October		135,538,275	54,157,925	43,188,534	56,710,375
November		111,309,523	29,387,074	30,510,101	33,060,874
December		85,006,572	55,401,600	50,652,526	36,728,429
12 months		1,906,727,543	1,501,393,076	1,185,064,902	1,94,745,129

<sup>1</sup> Includes certain corrections not appearing in monthly figures.<sup>2</sup> Deficits in italics.

TABLE B.—*Analysis of operating revenues and expenses, class I steam railways, excluding switching and terminal companies, 1941-43*

Item	9 months, January to September, inclusive		Calendar year—	
	1943	1942	1942	1941
Operating revenues:				
Freight	5,050,094,838	4,290,450,449	\$5,944,742,473	\$4,447,568,333
Passenger	1,214,513,691	692,652,052	1,028,185,625	514,687,031
Mail	88,466,542	78,779,580	111,377,031	108,192,466
Express	93,526,441	64,403,408	96,869,122	57,281,534
All other	268,024,036	201,254,000	285,052,803	218,970,634
Total	6,714,625,548	5,327,539,489	7,466,227,054	5,346,699,998
Percent of total:				
Freight	75.21	80.53	79.62	83.18
Passenger	18.09	13.00	13.77	9.63
Mail	1.32	1.48	1.49	2.02
Express	1.39	1.21	1.30	1.07
All other	3.99	3.78	3.82	4.10
Operating expenses:				
Maintenance of way and structures	774,858,689	576,360,117	\$796,383,461	\$603,088,380
Maintenance of equipment	1,029,492,487	888,369,183	1,211,083,970	992,612,933
Traffic	93,791,785	87,222,682	117,777,507	111,888,396
Transportation	1,935,691,408	1,626,085,068	2,241,990,544	1,774,958,783
General	131,917,931	116,489,339	158,300,919	138,201,020
All other	76,826,976	52,211,007	75,893,542	43,482,723
Total	4,042,579,276	3,346,737,396	4,601,429,943	3,664,232,235
Percent of total:				
Maintenance of way and structures	19.17	17.22	17.31	16.46
Maintenance of equipment	25.47	26.54	26.32	27.09
Traffic	2.32	2.61	2.56	3.05
Transportation	47.88	48.59	48.72	48.44
General	3.26	3.48	3.44	3.77
All other	1.90	1.56	1.65	1.19
Railway tax accruals	1,454,725,894	872,554,335	\$1,202,443,297	\$547,230,070
Equipment rents—debit	113,628,801	103,430,529	141,022,065	102,176,698
Joint facility rents—debit	30,608,569	28,516,252	40,390,989	34,774,287
Net railway operating income	1,073,083,008	976,300,977	1,480,940,760	998,286,708

TABLE C.—*Ton-miles of freight (revenue and nonrevenue), by months, 1939-43, class I steam railways*

Month	1943	1942	1941	1940	1939
	Millions	Millions	Millions	Millions	Millions
January	58,929	46,647	36,070	32,518	28,155
February	58,102	44,105	34,186	29,662	25,558
March	64,686	51,862	40,572	31,118	28,834
April	62,947	53,646	31,617	29,909	23,982
May	66,528	58,520	43,391	33,081	25,741
June	61,339	57,252	44,032	32,900	28,461
July	68,193	60,712	46,079	33,716	29,829
August	68,950	62,414	49,231	36,406	31,397
September	66,522	61,944	47,622	37,060	36,118
October		66,019	51,142	38,614	40,069
November		60,464	46,036	35,955	35,125
December		58,356	44,252	34,903	31,453
12 months		1,681,941	1,514,229	1,405,837	1,364,723

<sup>1</sup> Includes certain corrections not appearing in monthly figures.

TABLE D.—*Selected operating averages in freight and passenger service of class I steam railways in the United States, 1941-43*

Item	8 months, January to August, inclusive		Calendar year—	
	1943	1942	1942	1941
Average miles of road operated, freight service	227,973	229,840	229,603	230,709
Average miles of road operated, passenger service	162,449	164,460	163,833	167,652
Net ton-miles per mile of road per day	9,201	7,791	8,137	6,107
Percent of freight locomotives unserviceable	11.8	13.8	13.1	19.6
Percent of freight cars unserviceable	2.4	3.1	2.8	4.7
Percent of loaded of total car-miles	63.6	62.6	62.8	63.9
Percent east-bound or north-bound of loaded car-miles	58.7	59.7	59.7	57.7
Car-miles per car-day	48.3	45.7	46.3	40.6
Net ton-miles per car-day	1,029	893	926	739
Net ton-miles per loaded car-mile	33.5	31.2	31.8	28.5
Car-miles per train-mile	51.9	51.8	51.8	50.3
Gross ton-miles per train-mile (excluding locomotives and tenders)	2,348	2,256	2,277	2,125
Net ton-miles per train-mile (including non-revenue tons)	1,106	1,012	1,035	915
Average miles per hour, trains in freight service	15.4	16.1	15.8	16.5
Pounds of coal per 1,000 gross ton-miles (including locomotives and tenders)	116	112	113	113
Average cost of coal per ton (including freight charges)	\$3.02	\$2.68	\$2.70	\$2.57
Revenue per ton-mile	\$0.00935	\$0.00923	\$0.00932	\$0.00936
Average haul per revenue ton per railroad	239.5	224.4	226.5	207.4
Number of freight-train miles	467,131,165	434,592,608	666,832,036	568,023,259
Number of passenger-train miles	305,876,777	277,973,139	427,702,995	400,923,323
Number of passenger-train car-miles	2,833,764,610	2,305,035,477	3,644,782,233	3,134,697,712
Passenger-train cars per train	9.26	8.29	8.52	7.82
Revenue per passenger per mile:				
Including commutation passengers	\$0.0189	\$0.0192	\$0.0192	\$0.0175
Excluding commutation passengers	\$0.0194	\$0.0202	\$0.0200	\$0.0187

TABLE E.—*Average number of employees and total compensation, by groups of employees, 8 months, January to August, inclusive, class I steam railways, excluding switching and terminal companies*

Groups of employees	8 months, January to August, inclusive			
	Average number of employees middle of month		Total compensation	
	1943	1942	1943	1942
I. Executives, officials, and staff assistants	13,868	12,845	\$6,953,696	\$52,130,603
II. Professional, clerical, and general	216,661	196,087	40,901,214	290,312,675
III. Maintenance of way and structures	276,761	255,510	46,693,916	273,131,771
IV. Maintenance of equipment and stores	371,318	346,122	72,699,065	495,824,086
V. Transportation (other than train, engine, and yard)	158,200	144,602	27,262,762	191,420,096
VI (a). Transportation (yardmasters, switch tenders, and hostlers)	16,985	15,052	4,380,562	29,589,821
VI (b). Transportation (train and engine service)	297,470	275,926	78,592,056	562,412,902
All employees	1,351,263	1,246,234	271,483,271	1,894,821,954

TABLE F.—*Carloads and tons of commodities originated and freight revenue, by commodity groups, calendar year 1942, class I steam railways*

Commodity groups	Number of carloads	Number of tons (2,000 pounds)	Freight revenue
Products of agriculture.....	3,823,363	117,317,562	\$708,641,747
Animals and products.....	1,415,926	20,619,494	245,548,886
Products of mines <sup>1</sup> .....	14,700,102	799,211,769	1,619,490,668
Products of forests <sup>1</sup> .....	2,550,173	84,032,346	387,899,049
Manufactures and miscellaneous <sup>1</sup> .....	12,010,247	361,393,196	2,666,202,803
Grand total, carload traffic.....	34,967,851	1,403,611,665	5,857,060,708
All less-than-carload freight.....		17,575,469	339,099,289
Grand total, carload and less-than-carload traffic.....		1,421,187,134	6,196,159,997

<sup>1</sup> Excludes data concerning certain critical and strategic materials which carriers have been directed to exclude from the statistics of commodities; however, data are included in the grand totals.

TABLE G.—*Summary of casualties to persons on steam railways in the United States for the years ended Dec. 31, 1942, 1941, 1940, 1939, and 1938*

Class of persons	Number of persons									
	1942		1941		1940		1939		1938	
	Killed	Injured	Killed	Injured	Killed	Injured	Killed	Injured	Killed	Injured
1. Trespassers.....	1,925	1,348	2,104	1,572	1,977	1,765	2,234	1,943	2,229	2,094
2. Employees:										
Trainmen on duty.....	534	14,323	454	9,943	306	7,036	254	6,125	258	5,680
Other employees.....	312	2,112	208	1,253	169	920	146	863	128	801
Total employees.....	846	16,435	662	11,196	475	7,956	400	6,988	386	6,481
3. Passengers on trains.....	91	3,395	34	2,916	75	2,530	27	2,503	69	2,272
4. Travelers not on trains.....	19	97	5	81	5	60	11	67	6	66
5. Persons carried under contract.....	16	312	8	271	4	188	4	262	9	251
6. Other nontrespassers.....	2,106	5,240	2,070	5,395	1,908	5,059	1,480	4,247	1,590	4,338
Total, train and train-service accidents (1 to 6).....	5,003	26,827	4,883	21,431	4,444	17,558	4,156	16,010	4,289	15,502
7. Casualties in non-train accidents.....	230	21,281	203	16,380	168	12,032	206	12,109	210	11,751
Total, 1 to 7.....	5,233	48,108	5,086	37,811	4,612	29,590	4,362	28,119	4,499	27,253
8. Casualties at grade crossings <sup>1</sup> .....	1,970	4,616	1,931	4,885	1,808	4,632	1,398	3,999	1,517	4,018
9. Casualties excluded from all totals <sup>2</sup> .....	104	15	105	18	128	16	130	25	150	22

<sup>1</sup> Included in total for items 1 to 6, and distributed under various heads, chiefly item 6.

<sup>2</sup> Figures relate to suicides, persons mentally deranged, and persons attempting to escape custody.

TABLE H.—*Revenues, expenses, other income and deductions of class I<sup>1</sup> motor carriers of property for the calendar year 1942 compared with those of the same carriers for 1941<sup>2</sup>*

Item	Total carriers reported	
	1942	1941 <sup>3</sup>
Number of carriers represented.....	1,273	1,273
Revenues:		
Freight revenue.....	\$688,804,716	\$624,377,548
Other operating revenue.....	6,226,921	6,576,620
Total operating revenues.....	695,031,637	630,954,168
Expenses:		
Equipment maintenance and garage expense.....	76,379,580	63,972,809
Transportation expense.....	224,904,322	222,749,187
Terminal expense.....	134,570,885	120,538,486
Sales, tariff, and advertising expense.....	20,608,384	20,336,214
Insurance and safety expense.....	34,618,476	31,537,332
Administrative and general expense.....	64,212,943	57,123,069
Total operation and maintenance expenses.....	555,294,590	516,257,097
Depreciation expense.....	27,277,758	26,007,806
Amortization chargeable to operations.....	141,851	165,225
Operating taxes and licenses.....	46,697,536	44,050,619
Operating rents—Net.....	25,631,039	11,743,728
Total expenses.....	655,042,774	598,224,475
Net operating revenue.....	39,988,863	32,729,693
Other income.....	7,826,630	4,294,234
Other deductions.....	6,037,075	4,687,408
Net income before income taxes.....	41,778,418	32,336,519
Net income after income taxes.....	24,702,523	24,507,878

<sup>1</sup> Class I motor carriers are those having average gross operating revenues of \$100,000 or over annually; the total annual revenues of which are about half of the grand total for all motor carriers whose rates and services are subject to the jurisdiction of the Interstate Commerce Commission.

<sup>2</sup> The table includes 1,058 intercity carriers and 215 carriers, the services of which are predominantly local in character. The table does not include the returns of 69 carriers that failed to furnish comparable figures for 1941. The total figures for these 69 carriers amounted to the following for the year 1942: Operating revenues, \$14,133,630; operation and maintenance expenses, \$11,376,460; other expenses, \$1,855,353; total expenses, \$13,231,813; net operating revenues \$901,817; net income before income taxes, \$1,135,208; net income after income taxes, \$886,452.

<sup>3</sup> The 1941 figures differ from those shown in last year's report because of changes in the accounting requirements and the inclusion of additional carriers in the comparison of 1941 with 1942.

TABLE I.—*Revenues, expenses, other income and deductions of class I motor carriers of passengers for the calendar year 1942 compared with those of the same carriers for 1941<sup>1</sup>*

Item	Total carriers reported	
	1942	1941
Number of carriers represented.....	208	208
Operating revenues:		
Passenger revenue.....	\$308,242,681	\$179,925,007
Special bus revenue.....	7,353,922	6,869,347
Baggage revenue.....	52,246	52,321
Mail revenue.....	475,463	435,787
Express revenue.....	2,028,047	2,101,538
Newspaper revenue.....	812,654	774,324
Miscellaneous station revenue.....	2,561,302	1,547,230
Other operating revenue.....	1,538,129	1,249,005
Total operating revenues.....	323,064,444	192,954,559
Operating expenses:		
Equipment maintenance and garage expense.....	40,165,181	28,904,651
Transportation expense.....	69,996,111	50,958,879
Station expense.....	22,112,013	13,909,094
Traffic, solicitation, and advertising expense.....	6,582,694	5,838,182
Insurance and safety expense.....	10,225,363	7,307,964
Administrative and general expense.....	18,033,532	12,453,004
Total operation and maintenance expenses.....	167,114,894	119,371,774
Depreciation expense.....	19,507,178	16,531,787
Amortization chargeable to operations.....	88,254	72,427
Operating taxes and licenses.....	24,106,612	18,239,711
Operating rents—net.....	6,045,278	4,733,737
Total expenses.....	216,862,216	158,949,436
Net operating revenue.....	106,202,228	34,005,123
Other income.....	5,747,188	5,097,681
Other deductions.....	8,072,594	6,429,154
Net income before income taxes.....	103,876,822	32,673,650
Net income after income taxes.....	34,787,925	20,183,303

<sup>1</sup> This table covers both intercity and local or suburban carriers.

NOTE.—Class I motor carriers are those having annual gross operating revenues of \$100,000, or over.

TABLE J.—*Selected financial and operating data of oil pipe-line companies, 1942, 1941, and 1940*

Item	1942	1941	1940
Miles of line operated:			
Gathering lines.....	42,318	41,858	40,300
Trunk lines.....	64,167	63,577	59,856
Investment in carrier property.....	\$918,847,714	\$885,316,742	\$841,976,902
Capital stock <sup>1</sup> .....	\$255,134,541	\$254,614,453	\$264,222,798
Funded debt unmatured <sup>1</sup> .....	\$46,092,464	\$37,906,941	\$30,521,018
Accrued depreciation—carrier property.....	\$484,558,183	\$468,447,755	\$457,540,363
Operating revenue.....	\$245,061,060	\$251,684,772	\$225,760,482
Operating expenses.....	\$123,506,969	\$110,448,441	\$101,918,970
Pipe-line taxes:			
U. S. Government taxes.....	\$53,475,632	\$50,042,248	\$31,690,185
Other than U. S. Government taxes.....	\$9,746,241	\$9,590,488	\$9,593,194
Pipe-line operating income.....	\$58,332,218	\$81,603,595	\$82,558,133
Net income.....	\$56,845,245	\$79,467,898	\$79,857,099
Dividend appropriations <sup>1</sup> .....	\$20,780,234	\$83,305,301	\$47,168,043
Number of barrels of oil received into system.....	1,779,859,741	1,638,703,424	1,421,377,134
Number of barrel-miles (trunk lines):			
Crude oil (thousands).....	346,051,162	324,036,547	282,192,377
Refined oils (thousands).....	38,422,658	26,748,661	23,740,946
Total employees:			
Average number.....	23,156	22,352	21,573
Compensation.....	\$54,448,558	\$48,016,327	\$42,564,845

<sup>1</sup> Excludes data for 15 companies in 1942, 13 companies in 1941, and 11 companies in 1940, as the annual reports filed by these companies relate to pipe-line departments of large oil companies and these items are not segregated for the pipe-line departments.

TABLE K.—*Revenue and traffic of carriers by water, 1942 and 1941*<sup>1</sup>

Item	1942	1941
Freight revenue	\$66,645,628	\$158,178,168
Number of tons of revenue freight carried	51,671,882	63,491,489
Passenger revenue	\$9,781,603	\$17,173,233
Number of revenue passengers carried	9,714,282	9,512,054

<sup>1</sup> Compiled from quarterly reports of 136 carriers of classes A and B.

TABLE L.—*Selected financial and operating data of electric railways, 1942, 1941, and 1940*

Item	1942	1941	1940
Miles of road operated	3,300	3,550	3,970
Investment in road and equipment	\$309,652,202	\$309,501,282	\$326,127,366
Capital stock	\$133,556,021	\$143,055,845	\$146,132,821
Unmatured funded debt	\$77,420,210	\$99,245,158	\$110,310,358
Accrued depreciation—road and equipment	\$43,004,676	\$41,127,879	\$41,403,348
Railway operating revenues:			
Freight revenue	\$31,691,969	\$26,213,505	\$22,244,627
Passenger revenue	\$28,893,758	\$19,860,145	\$18,897,106
All other revenues	\$7,037,329	\$5,622,719	\$5,128,436
Total railway operating revenues	\$67,623,056	\$51,696,369	\$46,270,169
Total railway operating expenses	\$48,651,270	\$42,620,359	\$40,711,681
Taxes assignable to railway operations:			
Other than U. S. Government taxes	\$2,027,537	\$2,023,297	\$2,295,000
U. S. Government taxes	\$5,856,436	\$2,761,735	\$1,799,118
Operating income	\$11,264,091	\$4,420,702	\$1,532,412
Net income <sup>1</sup>	\$4,574,076	\$1,944,824	\$5,297,334
Dividends declared	\$1,870,394	\$1,362,726	\$619,252
Employees:			
Average number	14,614	14,129	14,054
Compensation	\$27,613,630	\$23,446,383	\$21,981,357

<sup>1</sup> Deficits in italics.

## APPENDIX D

### AUTHORIZATIONS UNDER VARIOUS SECTIONS OF THE INTERSTATE COMMERCE AND TRANSPORTATION ACTS, AND LOANS UNDER THE RECONSTRUCTION FINANCE CORPORATION ACT

*Certificates of convenience and necessity for construction of lines of railroad under section 1 (18) of the Interstate Commerce Act, as amended*

Name of applicant	Location of line	Miles
Atlantic & W. Ry. Co. and Atlantic Coast Line R. Co.	Lee County, N. C.	0.143
Baltimore & O. R. Co.	Nicholas County, W. Va.	9.540
Chicago & N. W. Ry. Co. trustee and Chicago, B. & Q. R. Co.	Natrona and Fremont Counties, Wyo.	3.170
Chicago, M., St. P. & P. R. Co. trustee	Dallas County, Iowa	7.000
Emory River R. Co.	Morgan County, Tenn.	9.000
Louisville & N. R. Co.	Perry County, Ky.	10.320
Total number of miles		39.173

	Miles
8 applications filed involving	43.983
1 application denied	.076
3 applications dismissed involving	209.965
Authorized since effective date of act	10,210
Portion thereof actually constructed	7,240
Portion thereof deferred or abandoned	2,826
Portion in which time for construction has not expired	144

*Certificates of convenience and necessity for abandonment of lines of railroad or the operation thereof, issued under section 1 (18) of the Interstate Commerce Act, as amended*

Name of applicant	Location of line	Miles
Atchison, T. & S. F. Ry. Co.	Harper Co., Kans., Alfalfa Co., Okla.	32.630
Do	Wilson, Woodson, and Greenwood Counties, Kans.	30.000
Do	Greenwood and Elk Counties, Kans.	34.000
Atlantic Coast Line R. Co.	Osceola County, Fla.	13.800
Do	Orangeburg County, S. C.	3.300
Baltimore & O. R. Co.	Guernsey County, Ohio	4.590
Baltimore & Phila. R. Co. and Baltimore & O. R. Co.	Chester County, Pa.	3.000
Boston & M. R.	Strafford and Belknap Counties, N. H.	9.000
Do	Strafford County, N. H.	7.000
Do	Essex County, Mass.	5.170
Boston & M. R., and Suncook Valley R.	Middlesex County, Mass.	4.500
Buffalo & S. R. Corp., and Baltimore & O. R. Co.	Merrimack County, N. H.	1.300
Carolina & Tenn. S. Ry. Co.	Cameron and Potter Counties, Pa.	53.460
Carolina, Clinchfield & O. Ry. A. C. L. R. Co., and L. & N. R. Co.	Swain County, N. C.	13.960
Catasauqua & F. R. Co., and Reading Co.	Russell County, Va.	7.250
Central Indiana Ry. Co.	Berks County, Pa.	1.040
Central Pac. Ry. Co., and Southern Pac. Co.	Boone County, Ind.	8.270
Chesapeake & O. Ry. Co.	Inyo and Mono Counties, Calif.	30.648
Do	Boone County, W. Va.	4.100
Do	Fayette and Raleigh Counties, W. Va.	1.700
Do	Lincoln County, W. Va.	1.990
Do	Raleigh and Mercer Counties, W. Va.	14.660
Chicago & E. I. R. Co.	Raleigh County, W. Va.	2.030
Chicago & N. W. Ry. Co., Trustee	Lewis County, Ky., and Adams County, Ohio (ferry).	1.000
Do	Sullivan County, Ind.	1.460
	Dickinson County, Mich.	1.348
	Natrona and Fremont Counties, Wyo.	86.991

*Certificates of convenience and necessity for abandonment of lines of railroad or the operation thereof, etc.—Continued*

Name of applicant	Location of line	Miles
Chicago, Attica & S. R. Co.	La Porte, Porter, Jasper, and Newton Counties, Ind.	71.000
Do	Fountain and Parke Counties, Ind.	23.907
Chicago, B. & Q. R. Co.	Harlan County, Nebr.	9.770
Do	Lawrence County, S. D.	6.430
Chicago G. W. Ry. Co.	Winona County, Minn.	1.640
Chicago, K. & S. Ry. Co., and New York York Central R. Co.	Kalamazoo and Barry Counties, Mich.	8.290
Chicago, M. St. P. & P. R. Co. trustees	Pierce County, Wash.	14.000
Do	Lincoln County, Wis.	16.800
Do	Dakota and Goodhue Counties, Minn.	13.190
Do	Whatcom County, Wash.	12.000
Do	Waukesha County, Wis.	.164
Do	Lincoln County, Wis.	14.890
Do	Dallas County, Iowa	4.180
Do	Oneida and Vilas Counties, Wis.	16.800
Do	Benton County, Wash.	25.105
Do	Delaware County, Iowa	.241
Chicago, M. St. P. & P. R. Co. trustee, Dubuque & S. C. R. Co., and Illinois Central R. Co.	Comanche and Tillman Counties, Okla.	33.960
Chicago, R. I. & P. Ry. Co. trustees	Muscatine, Cedar, and Scott Counties, Iowa	21.660
Do	Ballard County, Ky.	7.130
Chicago, St. L. & N. O. R. Co., and Illinois Central R. Co.	Chippewa County, Wis.	4.680
Chicago, St. P., M. & O. Ry. Co.	Pierce County, Wis.	7.190
Do	Vigo and Sullivan Counties, Ind.	6.000
Chicago, T. H. & S. E. Ry. Co., and Chicago, M., St. P. & P. R. Co. trustees	Sullivan County, Ind.	4.340
Do	Tuscarawas County, Ohio	5.530
Cleveland & P. R. Co., and Pennsylvania R. Co.	Johnson and Morgan Counties, Ind.	18.400
Cleveland, C. C. & St. L. Ry. Co., and New York Central R. Co.	Susquehanna County, Pa.	9.930
Delaware L. & W. R. Co.	Salt Lake County, Utah	1.360
Denver & R. G. W. R. Co. trustees	Iosco and Ogemaw Counties, Mich.	11.800
Detroit & M. Ry. Co.	St. Louis County, Minn.	5.040
Duluth, M. & I. R. Ry. Co.	Huntingdon County, Pa.	4.100
East Broad Top R. & C. Co.	Cimarron County, Okla., and Union and Colfax Counties, N. M.	95.350
Elkhart & S. F. Ry. Co., and Atchison, T. & S. F. Ry. Co.	Lincoln County, N. M.	20.527
El Paso & S. W. R. Co., and Southern Pac. Co.	Putnam County, Fla.	2.800
Florida E. C. Ry. Co. trustees	Washington and Saratoga Counties, N. Y.	.721
Greenwich & Johnsonville Ry. Co.	Newton County, Tex.	14.820
Gulf & Northern Ry. Co.	Vermilion County, Ill., and Hendricks and Warren Counties, Ind.	16.270
Illinois Central R. Co.	Livingston County, Ill.	.138
Do	Jackson County, Mo.	1.600
Kansas City Southern Ry. Co.	Nassau County, N. Y.	1.560
Long Island R. Co.	West Feliciana and East Feliciana Parishes, La.	7.820
Louisiana & A. Ry. Co.	East Feliciana and East Baton Rouge Parishes, La.	12.100
Do	Houston, Benton, and Henry Counties, Tenn.	17.800
Louisville & N. R. Co.	Kent County, Mich.	3.980
Michigan Central R. Co., and New York Central R. Co.	Cass County, Mich.	29.140
Do	Sebastian County, Ark.	16.700
Midland Valley R. Co.	Schuylkill County, Pa.	2.060
Mine Hill & S. H. R. Co., and Reading Co.	Clarke County, Miss.	15.480
Mississippi Eastern Ry. Co.	Grayson County, Tex.	8.820
Missouri-Kansas-Texas R. Co. of Texas	Alexander County, Ill.	1.430
Missouri Pac. R. Co., trustee	Piscataquis County, Maine	6.160
Monson R. Co.	Bartow and Floyd Counties, Ga.	17.703
Nashville, C. & St. L. Ry.	Humphreys and Benton Counties, Tenn.	10.050
Do	Williamson and Davidson Counties, Tenn.	16.500
Nashville-Franklin Ry.	Lewis County, Wash.	10.620
Newaukum Valley R. Co.	Torrance and Santa Fe Counties, N. Mex.	11.600
New Mexico Central Ry. Co. and Atchison, T. & S. F. Ry. Co.	Elkhart County, Wis.	.539
New York Central R. Co.	Bronx and Westchester Counties, N. Y.	3.100
Do	Calhoun and Hillsdale Counties, Mich.	14.500
Do	Hampshire and Franklin Counties, Mass.	17.050
New York, N. H. & H. R. Co. trustees	Richland County, N. Dak.	3.957
Northern Pac. Ry. Co.	Madison County, Mont.	6.258
Do	Marin County, Calif.	3.876
Northwestern Pac. R. Co.	Lane County, Oreg.	2.000
Oregon Pac. & Eastern Ry. Co.	Valley County, Idaho	9.370
Oregon S. L. R. Co., and Union Pac. R. Co.	Bear Lake County, Idaho	9.495
Do	Sherman and Wasco Counties, Oreg.	17.200
Pacific Electric Ry. Co.	San Bernardino County, Calif.	.210
Do	San Bernardino and Riverside Counties, Calif.	4.767

*Certificates of convenience and necessity for abandonment of lines of railroad or the operation thereof, etc.—Continued*

Name of applicant	Location of line	Miles
Pennsylvania R. Co.	Clearfield, Fayette, and Westmoreland Counties, Pa.	6.930
Do.	Lebanon County, Pa.	1.350
Do.	Cambria, Clearfield, Indiana, Jefferson, Somerset, and Westmoreland Counties, Pa.	11.600
Do.	Cambria, Clearfield, and Westmoreland Counties, Pa.	3.420
Pennsylvania, O. & D. R. Co., and Pennsylvania R. Co.	Ashland, Holmes, and Knox Counties, Ohio	17.000
Pere Marquette Ry. Co.	Montcalm County, Mich	17.640
Do.	do	10.720
Do.	Mecosta County, Mich	11.230
Do.	do	19.020
Do.	Midland and Gladwin Counties, Mich	10.500
Philadelphia, B. & W. R. Co., and Pennsylvania R. Co.	Chester County, Pa.	6.470
Pioneer & F. R. Co.	Williams and Fulton Counties, Ohio	13.000
Pittsburgh, C. C. & St. L. R. Co., and Pennsylvania R. Co.	Allegheny and Washington Counties, Pa.	1.770
Ray & Gila V. R. Co.	Pinal County, Ariz	6.622
Reading Co.	Schuylkill County, Pa	.260
Do.	Berks County, Pa	.948
Do.	do	.284
Rocky Mountain & S. F. Ry. Co., and Atchison, T. & S. F. Ry. Co.	Colfax County, N. Mex	39.580
St. Joseph, S. B. & S. R. Co., New York Central R. Co., and Michigan Central R. Co.	St. Joseph County, Ind., and Berrien County, Mich.	25.040
St. Louis-S. F. Ry. Co. trustees.	Green County, Mo	5.910
Do.	Poinsett and Mississippi Counties, Ark	6.490
Sacramento Northern Ry.	Yuba County, Calif	.590
Santa Fe N. W. Ry. Co.	Sandoval County, N. Mex	1.200
Seaboard Air Line Ry. Co., and receivers	Hillsborough County, Fla	4.500
Seaboard-All Fla. Ry. Co., and its receivers, Naples, S. & G. Ry. Co., and Seaboard Air Line Ry. Co., and its receivers.	Lee, Hendry, and Collier Counties, Fla	39.590
Shamokin Valley & P. R. Co., and Pennsylvania R. Co.	Northumberland County, Pa	1.500
Sheffield & T. Ry. Co.	Forest and Warren Counties, Pa	19.100
Southern Pac. Co.	Yolo and Colusa Counties, Calif	13.954
Do.	Nevada and Placer Counties, Calif	14.221
Southern Pac. R. Co., and Southern Pac. Co.	San Mateo County, Calif	.591
Do.	Fresno County, Calif	17.200
Southern Ry. Co.	Swain County, N. C	23.700
Do.	Iredell and Alexander Counties, N. C	18.500
Sugar Land Ry. Co. trustee	Fort Bend County, Tex	11.660
Tampa & G. C. R. Co., and Seaboard Air Line Ry. Co. receivers.	Pinellas and Pasco Counties, Fla	5.400
Tampa S. R. Co., and Atlantic Coast L. R. Co.	Manatee County, Fla	8.340
Texas & Pac. Ry. Co.	Avoyelles Parish, La	5.500
Do.	Evangeline and Saint Landry Parishes, La	15.000
Toronto, H. & B. Navigation Co.	Lake Erie (car ferry)	90.000
Union Pac. R. Co.	Weld County, Colo	8.850
Virginian Ry. Co.	Fayette and Raleigh Counties, W. Va	2.420
Walla Walla V. Ry. Co., Oregon-W. R. & N. Co., and Union Pac. R. Co.	Umatilla County, Oreg	4.910
Wesson Co. (Indiana R. Div.)	Vigo County, Ind	5.930
Western N. Y. & P. Ry. Co., and Pennsylvania R. Co.	McKean County, Pa	8.000
Western Allegheny R. Co.	Armstrong County, Pa	1.000
Western Maryland Ry. Co.	Randolph County, W. Va	7.580
West Jersey & S. S. R. Co., and Pennsylvania-R. S. S. Lines.	Salem County, N. J	4.700
Do.	Cape May County, N. J	6.720
Wilmington, B. & S. R. Co. receiver	Brunswick County, N. C	30.200
Yakima Valley Transp. Co.	Yakima County, Wash	4.200
Zanesville Term. R. Co.	Muskingum County, Ohio	.234
Total number of miles		1,782,772

	Miles
116 applications filed involving	1,508.723
146 certificates issued permitting abandonment of	1,782.772
19 applications denied in whole or in part	349.136
9 applications dismissed involving	314.073
Abandonments permitted since effective date of act	29,938

*Certificates of convenience and necessity for acquisition and/or operation of lines of railroads issued under section 1 (18) of the Interstate Commerce Act, as amended*

Name of applicant	Location of line	Miles
Atlanta & St. A. B. Ry. Co.	Bay County, Fla.	4,620
Baltimore & O. R. Co.	Nicholas County, W. Va.	2,460
Chicago, M. St. P. & P. R. Co. trustee	Pierce County, Wash.	12,660
Emory River R. Co.	Morgan County, Tenn.	6,000
Louisville & N. R. Co.	Houston, Benton, and Henry Counties, Tenn.	17,500
Middle Creek R. Co.	Clay County, W. Va.	4,100
Missouri-Kansas-Texas R. Co. of Texas	Grayson County, Tex.	8,820
Missouri Pac. R. Corp. in Nebraska	Adams County, Nebr.	1,500
Nashville, C. & St. L. Ry.	Humphreys and Benton Counties, Tenn.	10,730
Oregon S. L. R. Co.	Valley County, Idaho	13,520
St. Louis, S. W. Ry. Co. trustee	St. Louis County, Mo., and St. Clair County, Ill.	2,900
St. Louis, S. W. Ry. Co. of Texas, trustee, and St. Louis S. W. Ry. Co. of Texas.	Coryell County, Tex.	1,050
Southern Ry. Co.	Swain County, N. C.	15,340
Wabash R. Co.	St. Louis and St. Charles Counties, Mo.	2,272
Do.	Marion County, Mo., and Pike County, Ill.	2,951
Total number of miles		106.423

8 applications filed involving	48.062
15 certificates issued involving	106.423

*Authorizations under section 5 (2) of the Interstate Commerce Act, as amended, involving railroad properties*

Acquiring carrier	Owning carrier	Miles of road	How acquired
Atchison, T. & S. F. Ry. Co.	Barton County & S. F. Ry. Co., California So. R. Co., Corona & S. F. Ry. Co., Eldorado & S. F. Ry. Co., Elkhart & S. F. Ry. Co., Grand Canyon Ry. Co., Minkler So. Ry. Co., Oklahoma C. R. Co., Salina & S. F. Ry. Co., Santa Fe & L. A. Harbor Ry. Co., and Verde Valley Ry. Co.	597.760	Merger.
Do.	Rocky Mtn. & S. F. Ry. Co.	53.050	Purchase.
Do.	Dodge City & C. V. R. Co., Fresno Interurban Ry. Co., Garden City, G. & N. R. Co., New Mexico Central Ry. Co., Calif., Ariz. & S. F. Ry. Co., and Kansas S. W. Ry. Co.		New leases.
Atchison, T. & S. F. Ry. Co., and Western Pac. R. Co. trustees.	Oakland Terminal Ry.	(1)	Ownership of stock.
Atlantic Coast Line R. Co.	Belt Line Ry. Co. (Montgomery, Ala.).	.650	Purchase.
Baltimore & O. R. Co.	Pittsburgh & L. E. R. Co.		Modified trackage rights.
Boston & M. R.	Nashua & Lowell R. Co.	15.250	Ownership of stock.
Burlington-R. I. R. Co.	Galveston Term. R. Co.		Modification of lease.
California, Ariz. & S. F. Ry. Co.	Laton & W. R. Co.	17.570	Merger.
Canadian Nat. Ry. Co.	Atlantic & St. Lawrence R. Co.	147.790	Ownership of stock.
Chesapeake Western Ry.	Valley R. R. Co.	24.640	Purchase.
Chicago & N. W. Ry. Co. trustee.	Chicago, B. & Q. R. Co.	86.950	Trackage rights.
Delaware L. & W. R. Co.	Hopatcong R. Co. in N. J.	.460	Merger.
Do.	Heboken Ferry Co.		Lease.
Erie R. Co.	Lehigh V. R. Co.	1.000	Trackage rights.
Do.	New York & G. L. Ry. Co., Caldwell Ry. Co., and Roseland Ry. Co.	38.640	Purchase.
Do.	Nyack & S. R. Co.	4,290	Merger.
Great Northern Ry. Co.	Spokane, Coeur d'Alene & Palouse Ry. Co.	164.730	Purchase.
Do.	Northern Pac. Ry. Co.	43.500	Trackage rights.
Do.	Brandon, D. L. & S. Ry. Co.	12,990	Merger.
Do.	Farmers' Grain & S. Co.	52.880	Stock ownership and purchase.

*Authorizations under section 5 (2) of the Interstate Commerce Act, as amended, involving railroad properties—Continued*

Acquiring carrier	Owning carrier	Miles of road	How acquired
Gulf, Colorado & S. F. Ry Co.	Pecos & N. T. Ry. Co., Concho, S. S. & L. V. R. Co., Healdton & S. F. Ry. Co., Gulf & I. S. Ry. Co., Gulf, B. & K. C. Ry. Co., Gulf, B. & G. N. Ry. Co., Texas & G. Ry. Co., Jasper & E. Ry. Co., Cane Belt R. Co., and Fort Worth & R. G. Ry. Co.		Modification of leases.
Kansas City Southern Ry. Co.	Kansas City & G. Ry. Co.	13.330	Merger.
Do	Texarkana & Ft. S. Ry. Co.	205.340	Merger.
LaSalle & B. C. R. Co.	Chicago & N. W. Ry. Co., and New York Central R. Co.	2.478	Trackage rights.
Lake Erie, A. & W. R. Co., and New York Central R. Co.	Dillonvale & S. Ry. Co.	4.416	Ownership of stock, merger, and lease.
Louisiana & A. Ry. Co.	Texas & Pac. Ry. Co.	48.000	Trackage rights.
Do	Missouri Pac. R. Co.	23.020	Renewal of lease and trackage rights.
Maine Central R. Co.	Portland & O. Ry.	109.770	Ownership of stock.
New Orleans, T. & M. Ry. Co., trustee, and Beaumont, S. L. & W. Ry. Co., trustee.	Kansas City Southern Ry. Co.	18.500	Trackage rights.
New York Central R. Co.	Cleveland, C. C. & St. L. Ry. Co., and Michigan Central R. Co.		Modification of leases.
Do	New York & H. R. Co.		Do.
Do	Toledo & Ohio C. Ry. Co.		Do.
Do	Hudson River C. R. Corp.		Do.
Northern Pac. Ry. Co.	Big Fork & N. Ry. Co.	31.600	Purchase.
Oakland Terminal Ry.	Oakland Term. R. Co., and Calif. Ariz. & S. F. Ry. Co.	(1)	Purchase, trackage rights and sublease.
Pacific Electric Ry. Co.	Southern Pac. R. Co.	5.829	Trackage rights.
Panhandle & S. F. Ry. Co.	Rio Grande, El Paso & S. F. R. Co.		New lease.
Do	South Plains & S. F. Ry. Co., Pecos & N. Ry. Co., Pecos River R. Co., Clinton & O. W. R. Co., Clinton-O.-W. R. Co., Kansas City, M. & O. Ry. Co. of Texas, North Plains & S. F. Ry. Co., and North Texas & S. F. Ry. Co.		New leases.
Peninsula Term. Co.	Portland Union Stock Yards Co.	(2)	Lease.
Pittsburgh, L. & W. R. Co.	Youngstown & S. Ry. Co.	6.500	Purchase.
Seaboard Air Line Ry. Co., receivers and Gainesville Midland R. Co.	Athens Term. Co.	(3)	Joint use.
South San Francisco Livestock Handling Co.	South S. F. Union Stockyards and Stockton Union Stockyards.	(2)	Renewal of lease.
Stockyards Ry. Co.	St. Paul Union S. Co.	(2)	Lease.
Texas & N. O. R. Co.	Vicksburg S. & Pac. Ry. Co.	1.220	Trackage rights.
Texas & Pac. Ry. Co.	Louisiana & A. Ry. Co.	6.630	Trackage rights.
United States Steel Corp. <sup>4</sup>	Birmingham & S. R. Co., Carbon County Ry. Co., Connellsville & M. Ry. Co., Donora S. Ry. Co., Etna & M. R. Co., Hannibal C. R. Co., Johnstown & S. C. R. R. Co., McKeesport C. R. Co., Newburgh & S. S. Ry. Co., Northampton & Bath R. Co., and Youngstown & N. R. Co.	80.068	Ownership of stock.
United States Stockyards Corp.	Milwaukee Stock Yards Co., Peninsula Terminal Co., Saint Paul Union Stockyards Co., Sioux City Stock Yards Co., South San Francisco Livestock Handling Co., South San Francisco Union Stock Yards Co., Stockyards Ry. Co., and Union Stockyards Co. of Fargo.	(2)	Direct and indirect ownership of stock.

<sup>1</sup> Terminal and switching tracks at Oakland outer harbor district.

<sup>2</sup> Livestock loading and unloading facilities.

<sup>3</sup> Switching tracks.

<sup>4</sup> Holding company.

70 applications filed.

48 authorizations granted.

2 application denied.

3 applications dismissed.

*Authorizations issued under section 5 (2) of the Interstate Commerce Act, as amended, involving water carriers*

Acquiring carrier	Owning carrier	Service	How acquired
Bay Cities Transp. Co.-----	Crowley Launch & Tug-boat Co.	San Francisco Bay -----	Purchase of operating rights.
Knapton Towboat Co.-----	Willamette River T. Co.	Willamette River-----	Ownership of stock.
Overlakes Freight Corp.-----	Nicholson-Universal S. S. Co.	Great Lakes -----	Purchase of parts of property and operating rights.
Shaver Forwarding Co.-----	Babbidge & Holt, Inc.-----	Columbia and Willamette Rivers.	Ownership of stock.
Shaver Transportation Co.-----	Harry A. Bell-----	Columbia and Willamette Rivers.	Purchase.
Ultican, R. J.-----	Coast Tug & Barge Co., and Ocean Transportation Co.	Pacific coast -----	Ownership of stock.
Willamette River T. Co.-----	Carl Bernert-----	Willamette River -----	Purchase.

<sup>1</sup> Controls 2 companies.

4 applications filed.

7 authorizations granted.

1 application dismissed.

*Authorization of the issuance of securities and the assumption of obligations and liabilities in respect of the securities of others under section 20a of the Interstate Commerce Act, as amended*

## Stock, common:

For acquisition of property including equipment-----	\$225, 000. 00
For exchange for common stock previously issued without authority-----	200, 000. 00
For general corporate purposes (not segregated)-----	10, 000. 00
<b>Total</b> -----	<b>435, 000. 00</b>

Bonds, collateral-trust: For sale to meet unmatured funded debt-----	15, 400, 000. 00
<b>Total</b> -----	<b>15, 400, 000. 00</b>

Bonds, income: For financial adjustment-----	2, 306, 000. 00
<b>Total</b> -----	<b>2, 306, 000. 00</b>

## Bonds, mortgage:

For exchange for common stock-----	1, 098, 000. 00
For extension of matured funded debt-----	3, 366, 880. 00
For financial adjustment-----	49, 973, 100. 00
For pledge-----	35, 640, 000. 00
For refunding purposes-----	23, 215, 000. 00
For reimbursement of treasury for capital expenditures not capitalized, and for pledge-----	260, 000. 00
For retention in treasury subject to further order-----	373, 000. 00
For sale to meet unfunded debt-----	7, 820, 000. 00
For sale to meet unmatured funded debt-----	50, 912, 000. 00
Assumption of obligation and liability in respect of \$108,305,100.	

<b>Total</b> -----	<b>172, 657, 980. 00</b>
<b>Total bonds</b> -----	<b>190, 363, 980. 00</b>

## Certificates, trust:

Assumption of obligation and liability in respect of  
\$1,500,000.

## Notes, secured:

For acquisition of equipment.....	\$67,465,278.83
For extension of matured funded debt.....	34,500.00
For refunding purposes.....	10,000,000.00
<b>Total.....</b>	<b>77,499,778.83</b>

## Notes, unsecured:

For acquisition of property including equipment.....	378,000.00
For additions and betterments other than equipment.....	700,000.00
For exchange for notes previously authorized.....	77,500.00
For general corporate purposes (not segregated).....	75,000.00
For payment of advances.....	182,124.74
<b>Total.....</b>	<b>1,412,624.74</b>
<b>Total notes.....</b>	<b>78,912,403.57</b>

## Notes, trustees:

For acquisition of equipment.....	2,519,027.31
For general purposes (not segregated).....	68,746.24
<b>Total.....</b>	<b>2,587,773.55</b>

Equipment obligations: Assumed by carriers..... 58,400,000.00

Grand total securities..... 330,699,157.12

*Status of outstanding loans under section 210 of the Transportation Act, 1920,  
as amended*

## PRINCIPAL AND INTEREST IN DEFAULT ON OCTOBER 1, 1943

Carrier	Principal	Interest
Alabama T. & N. R. Corp.....	\$151,500.00	\$77,265.00
Des Moines & C. I. R.....	633,500.00	539,656.34
Fort Dodge, D. M. & S. R. Co. <sup>1</sup> .....	200,000.00	139,164.91
Gainesville & N. W. R. Co. <sup>1</sup> .....	75,000.00	
Georgia & F. Ry. Co., receiver.....	792,000.00	617,760.00
Minneapolis & St. L. R. Co.....	1,382,000.00	1,579,589.73
Missouri & N. A. Ry. Co. <sup>1</sup> .....	3,500,000.00	
Salt Lake & U. R. Co. <sup>1</sup> .....	872,600.00	
Seaboard Air Line Ry. Co.....	14,440,577.88	9,836,731.43
Seaboard B.-L. Co.....	1,256,000.00	307,446.96
Virginia S. R. Co. <sup>1</sup> .....	38,000.00	
Waterloo, C. F. & N. Ry. Co.....	1,260,000.00	1,496,983.29
Wilmington, B. & S. R. Co.....	90,000.00	67,500.00
<b>Total.....</b>	<b>24,691,177.88</b>	<b>14,662,097.66</b>

<sup>1</sup> Assets of these carriers have been completely liquidated, and were insufficient to meet these claims.

*Certificates issued in settlement under section 204 of the Transportation Act, 1920, as amended January 7, 1941*

Carrier	Amount
California Western R. R. & Navigation Co.	\$16,161.33
Sheffield & Tionesta Ry. Co.	5,977.78
Total.	22,139.11

*Claim dismissed under section 204 of the Transportation Act, 1920, as amended January 7, 1941*

Colorado & Wyoming Ry. Co.

*Claims pending under section 204 of the Transportation Act, 1920, as amended January 7, 1941*

Rock Island Southern Ry. Co.

Tremont & Gulf Ry. Co.

Arcata & Mad River R. R. Co.

## APPENDIX E

### RAILROAD COMPANIES IN REORGANIZATION (OR RECEIVERSHIP) PROCEEDINGS

	<i>Mileage operated 1942</i>
Proceedings under Section 77:	
Akron, Canton & Youngstown Railway Company-----	171
Alabama, Tennessee & Northern Railroad Corporation-----	218
Alton Railroad Company-----	959
Boston & Providence Railroad Corporation <sup>1</sup> -----	---
Boston Terminal Company-----	---
Central of Georgia Railway Company-----	1,816
Central Railroad Company of New Jersey-----	658
Chicago & North Western Railway Company-----	8,101
Chicago, Indianapolis & Louisville Railway Company-----	541
Chicago, Milwaukee, St. Paul and Pacific Railroad Company-----	10,820
Chicago, Rock Island and Pacific Railway Company (system)-----	7,773
Denver & Rio Grande Western Railroad Company-----	2,404
Duluth, South Shore and Atlantic Railway Company (system)-----	576
Erie Railroad Co. (system) <sup>2</sup> -----	2,355
Florida East Coast Railway Company-----	685
Fonda, Johnstown & Gloversville Railroad Company-----	20
Fort Dodge, Des Moines and Southern Railroad Company (electric) <sup>3</sup> -----	149
Fort Smith, Subiaco & Rock Island Railroad Company <sup>3</sup> -----	15
Hoboken Manufacturers' Railroad Company-----	9
Meridian and Bigbee River Railway Company-----	50
Middletown & Unionville Railroad Company-----	14
Minneapolis, St. Paul & Sault Ste. Marie Railway Company-----	4,277
Missouri Pacific Railroad Company (system)-----	10,159
New Jersey & New York Railroad Company-----	39
New York, New Haven & Hartford Railroad Company (system)-----	1,838
New York, Ontario & Western Railway Company-----	546
New York, Susquehanna & Western Railroad Company-----	262
Oregon, Pacific & Eastern Railway Company <sup>3</sup> -----	20
St. Louis-San Francisco Railway Company-----	4,671
St. Louis Southwestern Railway Company-----	1,617
Spokane International Railway Company <sup>3</sup> -----	152
Tampa Northern Railroad Company-----	8
Western Pacific Railroad Company-----	1,195
Wilkes-Barre & Eastern Railroad Company <sup>3</sup> -----	---
Yosemite Valley Railway Company-----	78

<sup>1</sup> Operated by New York, New Haven & Hartford Railroad for account of the Boston & Providence Railroad Corporation.

<sup>2</sup> Proceeding terminated; one trustee retained for special services.

<sup>3</sup> Proceedings terminated since last report.

RAILROAD COMPANIES IN REORGANIZATION (OR RECEIVERSHIP)  
PROCEEDINGS—Continued

	<i>Mileage operated 1942</i>
Receivership proceedings (steam railroads) :	
California and Oregon Coast Railroad Company-----	15
Catonsville Short Line Railroad Company <sup>4</sup> -----	---
Chicago, Attica & Southern Railroad Company-----	154
Chicago, Springfield & St. Louis Railway Company-----	8
Georgia & Florida Railroad <sup>5</sup> -----	408
Georgia Southwestern & Gulf Railroad Company (system) <sup>5</sup> -----	36
Louisiana Southern Railway Company <sup>5</sup> -----	15
Minneapolis & St. Louis Railroad Company-----	1,408
Murfreesboro-Nashville Railway Company-----	15
New York & Greenwood Lake Railway Company <sup>6</sup> -----	---
Norfolk Southern Railroad Company <sup>5</sup> -----	734
Pittsburg, Shawmut and Northern Railroad Company-----	191
Rio Grande Southern Railroad Company-----	172
Rutland Railroad Company-----	407
Seaboard Air Line Railway Company (system)-----	4,184
South Dayton Railway Company-----	---
Tallulah Falls Railway Company-----	57
Virginia & Truckee Railway-----	46
Wabash Railway Company (system) <sup>5</sup> -----	2,687
Waco, Beaumont Trinity & Sabine Railway Company-----	41
Wilmington, Brunswick & Southern Railroad Company <sup>5</sup> -----	30
Wisconsin Central Railway Company <sup>7</sup> -----	---
Yreka Western Railroad Company-----	8
Receivership proceedings (electric railroads) :	
Bellaire-Southwestern Traction Company <sup>8</sup> -----	---
Chicago, Aurora & Elgin Railroad Company-----	65
Chicago, North Shore & Milwaukee Railroad Company-----	130
Waterloo, Cedar Falls & Northern Railway Company-----	97

<sup>4</sup> Owned mileage 4, operated under a tonnage agreement. Included in lease of Philadelphia, Baltimore & Washington Railway Company to Pennsylvania Railroad.

<sup>5</sup> Receivership proceedings terminated since last report.

<sup>6</sup> Owned mileage 39, operated by Erie R. R. Co.

<sup>7</sup> Owned mileage 976, operated by Minneapolis, St. Paul & Sault Ste. Marie Railway, a subsidiary of the Canadian Pacific Railway.

<sup>8</sup> Bellaire-Southwestern Traction Company with 2 miles of owned road is operated by the Co-operative Transit Company.

## APPENDIX F

### STATEMENT OF APPROPRIATIONS AND OBLIGATIONS FOR THE FISCAL YEAR ENDED JUNE 30, 1943

An Act making appropriations for the Executive Office \* \* \* for the fiscal year ending June 30, 1943, and for other purposes, approved June 27, 1942:

For 11 Commissioners, secretary, and for all other authorized expenditures necessary in the execution of laws to regulate commerce, including one chief counsel, one director of finance, and one director of traffic at \$10,000 each per annum, traveling expenses, etc.:

General----- \$2,898,528.00

To enable the Interstate Commerce Commission to enforce compliance with section 20, and other sections of the Interstate Commerce Act, as amended by the act approved June 29, 1906, the Transportation Act, 1920 (49 U. S. C. 20), and the Transportation Act of 1940, including the employment of necessary special accounting agents or examiners, traveling expenses, etc.:

Accounts----- 835,247.00

To enable the Interstate Commerce Commission to keep informed regarding and to enforce compliance with acts to promote the safety of employees and travelers upon railroads; the act requiring common carriers to make reports of accidents and authorizing investigations thereof; and to enable the Interstate Commerce Commission to investigate and test appliances intended to promote the safety of railway operation, as authorized by the joint resolution approved June 30, 1906 (45 U. S. C. 35), and the provision of the Sundry Civil Act approved May 27, 1908 (45 U. S. C. 36, 37), to investigate, test experimentally, and report on the use and need of any appliances or systems intended to promote the safety of railway operation, inspectors, and for traveling expenses:

Safety of employees----- \$510,955.00

Urgent Deficiency Appropriation Act 1943----- 29,300.00

540,255.00

For all authorized expenditures under section 25 of the Interstate Commerce Act, as amended by the Transportation Act, 1920, the act of August 26, 1937 (49 U. S. C. 26), and the Transportation Act of 1940, with respect to the provision thereof, under which carriers by railroad subject to the act may be required to install automatic train-stop or train-control devices which comply with specifications and requirements prescribed by the Commission, including investigations and tests pertaining to block-signal and train-control systems, as authorized by the joint resolution approved June 30, 1906 (45 U. S. C. 35), and including the employment of the necessary engineers, and for traveling expenses:

Signal and train control devices----- 133,780.00

Urgent Deficiency Appropriation Act 1943----- 1,900.00

135,680.00

For all authorized expenditures under the provisions of the act of February 17, 1911, entitled "An Act to promote the safety of employees and travelers upon railroads by compelling common carriers engaged in interstate commerce to equip their locomotives with safe and suitable boilers and appurtenances thereto" (45 U. S. C. 22), as amended by the act of March 4, 1915, extending "the same powers and duties with respect to all parts and appurtenances of the locomotives and tender" (45 U. S. C. 30), and amendment of June 7, 1924 (45 U. S. C. 27), providing for the appointment from time to time by the Interstate Commerce Commission of not more than 15 inspectors in addition to the number authorized in the first paragraph of section 4 of the act of 1911 (45 U. S. C. 26), and the amendment of June 27, 1930 (45 U. S. C. 24, 26), including such legal, technical, stenographic, and clerical help as the business of the office of the director of locomotive inspection and his 2 assistants may require, and for traveling expenses:

Locomotive inspection-----	\$475, 000. 00
Joint Resolution (Public Law 50)-----	11, 700. 00
Urgent Deficiency Appropriation Act 1943-----	21, 600. 00
	\$508, 300. 00

To enable the Interstate Commerce Commission to carry out the objects of the act entitled "An Act to amend an Act entitled 'An Act to regulate commerce', approved February 4, 1887, and all Acts amendatory thereof, by providing for a valuation of the several classes of property of carriers subject thereto and securing information concerning their stocks, bonds, and other securities," approved March 1, 1913, as amended by act of June 7, 1922 (49 U. S. C. 19a), and by the "Emergency Railroad Transportation Act 1933" (49 U. S. C. 19a), including one director of valuation at \$10,000 per annum, one valuation engineer at \$7,500 per annum, and traveling expenses:

Valuation-----	649, 927. 00
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For all authorized expenditures necessary to enable the Interstate Commerce Commission to carry out the provisions of part II of the Interstate Commerce Act and section 5, part I, of the Interstate Commerce Act insofar as applicable to common carriers subject to part II (Transportation Act of 1940) including one director at \$10,000 per annum and other personal services in the District of Columbia and elsewhere, traveling expenses; supplies; services and equipment; not to exceed \$1,000 for purchase and exchange of books, reports, newspapers, and periodicals; contract stenographic reporting services; purchase (not to exceed 31), exchange, maintenance, repair and operation of motor-propelled, passenger-carrying vehicles when necessary for official use in field work; not to exceed \$5,000 for the purchase of evidence in connection with investigations of apparent violations of said Act, \* \* \* provided that joint-board members may use Government transportation requests when traveling in connection with their duties as joint-board members:

Motor-transport regulation-----	3, 565, 240. 00
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For all printing and binding for the Interstate Commerce Commission, including reports in all cases proposing general changes in transportation rates and not to exceed \$17,000 to print and furnish to the States, at cost, report form blanks, and the receipts from such reports and blanks shall be credited to this appropriation:

Printing and binding-----	\$203, 200. 00
Salaries and expenses, emergency: For necessary expenses, including not to exceed \$52,650 for traveling expenses, to enable the Interstate Commerce Commission, for the purpose of promoting the national security and defense, to adopt measures for preventing shortages of railroad equipment and congestion of traffic, and expediting the movement of cars by railroads through terminals and related activities * * * of which amount not to exceed \$87,500 shall be immediately available.	
National defense-----	\$232, 315. 00
Less amount obligated in 1942 fiscal year-----	7, 578. 00
	224, 737. 00
Total-----	9, 561, 114. 00

Amount obligated under appropriations for the fiscal year ended June 30, 1943:

General-----	2, 720, 965. 00
Accounts-----	612, 224. 00
Safety-----	532, 727. 00
Signals and train-control devices-----	135, 332. 00
Locomotive inspection-----	505, 649. 00
Valuation-----	613, 894. 00
Motor-transport regulation-----	3, 258, 812. 00
Printing and binding-----	153, 489. 00
National defense-----	219, 662. 00
Total-----	8, 752, 754. 00

Unobligated balances of appropriations:

General-----	177, 563. 00
Accounts-----	223, 023. 00
Safety-----	7, 528. 00
Signal and train-control devices-----	348. 00
Locomotive inspection-----	2, 651. 00
Valuation-----	36, 033. 00
Motor-transport regulation-----	306, 428. 00
Printing and binding-----	49, 711. 00
National defense-----	5, 075. 00
Total-----	808, 360. 00

Total-----

Statement of receipts from fees paid during the fiscal year ended June 30, 1943, as required by section 313 of Public No. 212, Seventy-second Congress:	9, 561, 114. 00
Certifying tariffs and records-----	2, 822. 60
Admission of attorneys to practice before executive departments and establishments-----	1, 980. 00



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